

2013-14

Governor's Budget Summary



To the California Legislature
Regular Session 2012-13

Edmund G. Brown Jr. Governor
State of California

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GOVERNOR
Edmund G. Brown Jr.

January 10, 2013

To the Members of the Senate and the Assembly of the California Legislature:

California today is poised to achieve something that has eluded us for more than a decade — a budget that lives within its means, now and for many years to come.

We are in this favorable position both because of the huge budget reductions that you have made in the last two years, and because the people voted for Proposition 30.

Under this budget, K-12 school districts will see an increase in funds. School districts serving those students who have the greatest challenges will receive more generous increases — so that all students in California have the opportunity to succeed. This budget also focuses more responsibility and accountability on those who are closest to our students.

This budget proposes annual funding increases for public higher education. The goal is to provide our students with a solid and affordable education. It challenges the leaders of our higher education system to do better by our students by deploying their teaching resources more effectively.

This budget takes the next step to implement federal health care reform. Given the complexity and financial risk, I urge you to expand our health care system in ways that are both affordable and sustainable.

This budget finally puts California on a path to long-term fiscal stability. What must be avoided at all costs is the boom and bust, borrow and spend, of the last decade. Fiscal discipline is not the enemy of democratic governance, but rather its fundamental predicate. That is the spirit that I trust will characterize our work together in the coming year.

With respect,

s/ Edmund G. Brown Jr.

Edmund G. Brown Jr.

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2013-14 BUDGET SUMMARY

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INTRODUCTION

In 2011, the state faced \$20 billion in expected annual gaps between its revenues and spending. Just two years later, California is on its most stable fiscal footing in well over a decade. With the tough spending cuts enacted over the past two years and new temporary revenues provided by the passage of Proposition 30, the state's budget is projected to remain balanced for the foreseeable future.

The Budget invests in both K-12 and higher education. These investments are critical to provide Californians, regardless of their financial circumstance, access to high-quality academic and career education, improve educational attainment, and support critical thinking and civic engagement—thereby strengthening the foundation for sustainable growth. The Budget also expands health care coverage as the state implements federal health care reform. It also preserves the state's safety net and pays down debt.

Despite the dramatic budgetary changes of the past two years, there remain a number of major risks and pressures that threaten the state's new-found fiscal stability, including the overhang of billions of dollars in debt accumulated in prior years.

ACHIEVING FISCAL BALANCE

When Governor Brown took office, the state faced a \$26.6 billion short-term budget problem and estimated annual gaps between spending and revenues of roughly \$20 billion. The 2011-12 and 2012-13 budgets rejected the past reliance on gimmicks,

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borrowing, and deferrals. These two budgets addressed the \$20 billion annual deficit through spending cuts, primarily in corrections, health and human services, and education. In total, these budgets provided three dollars of spending cuts for every dollar in temporary tax revenues approved by the voters.

The two budgets achieved the following goals:

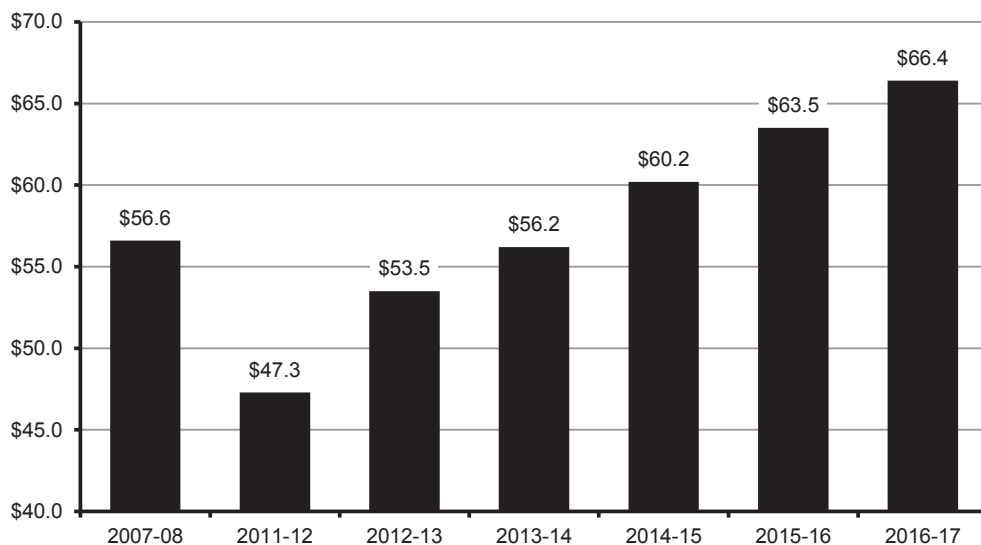
- Realigning public safety programs to bring government closer to the people.
- Implementing a downsizing plan for the California Department of Corrections and Rehabilitation. The plan is intended to satisfy the U.S. Supreme Court's order requiring reduced crowding and end federal court oversight of our prison system. It will reverse the trend of prison spending that has consumed a growing percentage of the General Fund budget. Over time, spending will decline from 11 percent to 7.5 percent of the General Fund.
- Eliminating redevelopment agencies to increase funding for schools, police, fire, and other core local services.
- Refocusing the state's welfare program on getting people back to work. The total number of months an adult can receive a monthly cash benefit has been reduced from 60 months to 48 months. Furthermore, the benefit is only provided to the adult for up to 24 months unless the individual is meeting federal work requirements. The Budget provides specific funding to implement these reforms.
- Making tough cuts across state government to align spending with available tax dollars. Grants to low-income seniors and persons with disabilities (State Supplementary Payment) have been reduced to 1982 levels. CalWORKs grants have been reduced to below 1987 levels. The Williamson Act subventions, child care and dependent tax credit refunds, and the Healthy Families Program were eliminated.
- Reducing the state workforce by more than 30,000 positions. The state workforce is at its lowest level as a share of the state's population in almost a decade—and California already had one of the nation's lowest levels of government employment.
- Overall General Fund spending is down from its peak of \$103 billion in 2007-08 to \$93 billion in 2012-13, a decrease of \$10 billion, or 10 percent. As a share of the economy, General Fund spending in 2011-12 and 2012-13 remains at its lowest level since 1972-73.

While the state has made very difficult programmatic reductions over the past two years, California has maintained its safety net for the state's neediest and most vulnerable residents. Compared to other states, it continues to provide broader health care coverage to a greater percentage of the population, including in-home care; guarantees access to services for persons with developmental disabilities; makes available higher cash assistance to families and continues that assistance to children after their parents lose eligibility; and provides very generous financial aid to those seeking higher education in California.

REINVESTING IN EDUCATION

Proposition 30, the Governor's Initiative, was premised on the need to reinvest in education. For the first time since the recession began in 2008, with the passage of the Initiative, the Governor's Budget reinvests in, rather than cuts, education funding. As shown in Figure INT-01, the minimum guarantee of funding for K-14 schools was \$56.6 billion in 2007-08 and sank to \$47.3 billion in 2011-12. From this recent low, funding is expected to grow to \$66.4 billion in 2016-17, an increase of \$19 billion (40 percent).

Figure INT-01
Budget Reinvests in Education
(Dollars in Billions)



K-12 EDUCATION

For K-12 schools, funding levels will increase by almost \$2,700 per student through 2016-17, including an increase of more than \$1,100 per student in 2013-14 over 2011-12 levels. This reinvestment also provides the opportunity to correct historical inequities in school district funding. By allocating new funding to districts on the basis of the number of students they serve, all California school districts can improve. By committing the most new funding to districts serving English language learners and low-income students, the Budget ensures that our educational system supports equal opportunity for all Californians. This new funding will be coupled with new, but simplified, accountability measures. The goal is to ensure sufficient flexibility at the local level so that those closest to the students can make the decisions.

HIGHER EDUCATION

The budget plan also invests in the state's higher education system to maintain the quality and affordability of one of California's greatest strengths. Since 2007-08, systemwide tuition and fees have increased by \$5,556 (84 percent) at the University of California and by \$2,700 (97 percent) at the California State University. The Budget provides stable funding growth over multiple years and should eliminate the need for further tuition increases—if the universities rise to the challenge by deploying their teaching resources more effectively. By focusing on reducing the time it takes a student to successfully complete a degree, the state can ensure a system that is financially sustainable over the long term. For the state's universities and community colleges, the Budget provides 5 percent growth to each system. A similar level of funding is proposed to be provided in future years.

EXPANDING HEALTH CARE

Medi-Cal, the state's Medicaid health care program for low-income families, currently serves one out of every five Californians (more than 8 million individuals). The program currently receives 20 percent of the General Fund budget. As the state implements its commitment to federal health care reform, these numbers will increase. The Budget includes \$350 million General Fund to begin to pay for this federally required expansion of coverage.

In addition to the required expansion of coverage, states have the option under federal health care reform to expand coverage to include medically indigent adults. The federal

government promises to provide 100 percent funding in the short term for much, but not all, of the costs associated with the expansion. States will bear a portion of expansion costs on a permanent basis. The Budget outlines two possible approaches to the optional expansion—a state-based approach or a county-based approach. Each approach has its own set of strengths, challenges, risks, and benefits.

Expansion of health care under either approach will have a significant effect on both state and county finances. Under the current system, counties provide health care to medically indigent adults using a combination of their own and state 1991 realignment funds. The implementation of health care reform provides a unique opportunity to focus on the future of the state-county relationship. The goal is to fairly allocate risk, strengthen local flexibility, and clearly delineate the respective responsibilities of the state and the counties.

A BALANCED BUDGET PLAN FOR THE COMING YEARS

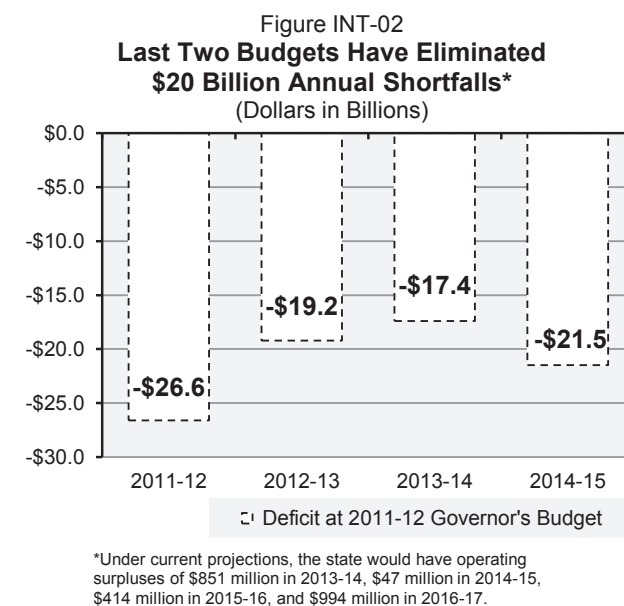
The Budget proposes a multiyear plan that is balanced, maintains a \$1 billion reserve, and pays down budgetary debt from past years. Overall General Fund spending is projected to grow by 5 percent, from \$93 billion in 2012-13 to \$97.7 billion in 2013-14. The vast majority of the spending growth is in education and health care.

Absent changes, the 2013-14 budget is projected to be balanced—but without an adequate reserve. To create a \$1 billion reserve, the Budget proposes:

- Suspending four newly identified mandates. (\$104 million)
- Using 2012-13 funds appropriated above the Proposition 98 minimum guarantee to prepay obligations to schools under the *CTA v. Schwarzenegger* settlement. (\$172 million)
- Continuing the use of miscellaneous state highway account revenues to pay for transportation bond debt service. (\$67 million)
- Extending the hospital quality assurance fee. (\$310 million)
- Extending the gross premiums tax on Medi-Cal managed care plans. (\$364 million)

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Under current projections, the Budget is expected to remain in balance in future years. This represents the first time in over a decade that future spending is expected to stay within available resources. Figure INT-02 shows the roughly \$20 billion annual shortfalls projected just two years ago that have been eliminated.



The state's budget remains balanced only by a narrow margin. The 2012 Budget Act assumed and spent the revenue provided by Proposition 30. In addition, this revenue is temporary, with the sales tax expiring at the end of 2016 and the income tax expiring at the end of 2018. The state must begin to plan now to ensure that the budget will remain balanced after the revenue expires.

A number of risks could quickly return the state to fiscal deficits:

- In addressing its own fiscal challenges, the federal government could shift costs to the state.
- While the Budget projects modest economic growth, the pace of the nation's and state's economic recovery remains uncertain.

- The federal government and the courts have hindered the state's past efforts to reduce spending and could again interfere with the successful implementation of budget actions authorized in 2011-12 and 2012-13.
- Rising health care costs will continue to strain the state budget.

The state's budget challenges have been exacerbated by the Wall of Debt—an unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade. In 2013-14 alone, the state will dedicate \$4.2 billion to repay this budgetary borrowing—paying for the expenses of the past, instead of meeting current needs. Moving forward, continuing to pay down the Wall of Debt is key to increasing the state's fiscal capacity. In 2011, the level of outstanding budgetary borrowing totaled \$35 billion.

Figure INT-03

Budget Plan Would Reduce Wall of Debt to Less than \$5 Billion
(Dollars in Billions)

	End of 2010-11 ^{1/}	End of 2012-13 ^{2/}	End of 2016-17 ^{2/}
Deferred payments to schools and community colleges	\$10.4	\$8.2	\$0.0
Economic Recovery Bonds	7.1	5.2	0.0
Loans from Special Funds	5.1	4.1	0.0
Unpaid costs to local governments, schools and community colleges for state mandates	4.3	4.9	2.5
Underfunding of Proposition 98	3.0	2.4	0.0
Borrowing from local government (Proposition 1A)	1.9	0.0	0.0
Deferred Medi-Cal Costs	1.2	1.7	1.1
Deferral of state payroll costs from June to July	0.8	0.7	0.7
Deferred payments to CalPERS	0.5	0.4	0.0
Borrowing from transportation funds (Proposition 42)	0.4	0.2	0.0
Total	\$34.7	\$27.8	\$4.3

^{1/} As of 2011-12 May Revision

^{2/} As of 2013-14 Governor's Budget

As shown in Figure INT-03, the debt has already been reduced to less than \$28 billion. Under current projections, it will be reduced to less than \$5 billion by the end of 2016-17.

Figure INT-04
Unfunded Retirement Liabilities

	(\$ in Billions)
State Retiree Health	\$62.1
State Employee Pensions	38.5
Teacher Pensions	64.5
University of California Employee Pensions	12.8
Judges' Pensions	3.3
Total	\$181.2

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California will still need to address other looming liabilities, such as the deficit in the state's Unemployment Insurance Fund and the more than \$100 billion in unfunded liabilities in retiree health and pension systems. In addition, as Figure INT-04 also shows, the retirement systems for University of California employees and teachers have accumulated \$77 billion in liabilities which will need to be addressed.

The state has \$37.6 billion in authorized infrastructure bonds that have yet to be sold. Nevertheless, this sum is relatively small when compared to the money California must spend to maintain and modernize its infrastructure in the coming years.

The boom and bust in our state's budget over the last decade is something we should not repeat. Instead, the state must live within its means, pay down debt, and build up a "rainy day" fund — all to ensure a stable government that earns the respect of the citizens that pay for it.

SUMMARY CHARTS

This section provides various statewide budget charts and tables.

Figure SUM-01
2013-14 Governor's Budget
General Fund Budget Summary
(Dollars in Millions)

	2012-13	2013-14
Prior Year Balance	-\$1,615	\$785
Revenues and Transfers	\$95,394	\$98,501
Total Resources Available	\$93,779	\$99,286
Non-Proposition 98 Expenditures	\$55,487	\$56,780
Proposition 98 Expenditures	\$37,507	\$40,870
Total Expenditures	\$92,994	\$97,650
Fund Balance	\$785	\$1,636
Reserve for Liquidation of Encumbrances	\$618	\$618
Special Fund for Economic Uncertainties	\$167	\$1,018

Figure SUM-02
General Fund Expenditures by Agency
(Dollars in Millions)

	2012-13	2013-14	Change from Dollar Change	2012-13 Percent Change
Legislative, Judicial, Executive	\$2,044	\$2,546	\$502	24.6%
Business, Consumer Services & Housing	217	645	428	197.2%
Transportation	183	207	24	13.1%
Natural Resources	2,022	2,062	40	2.0%
Environmental Protection	47	46	-1	-2.1%
Health and Human Services	27,121	28,370	1,249	4.6%
Corrections and Rehabilitation	8,753	8,805	52	0.6%
K-12 Education	38,323	41,068	2,745	7.2%
Higher Education	9,776	11,109	1,333	13.6%
Labor and Workforce Development	345	329	-16	-4.6%
Government Operations	661	742	81	12.3%
General Government:				
Non-Agency Departments	480	528	48	10.0%
Tax Relief/Local Government	2,520	421	-2,099	-83.3%
Statewide Expenditures	502	772	270	53.8%
Total	\$92,994	\$97,650	\$4,656	5.0%

Note: Numbers may not add due to rounding.

These figures reflect the organization of departments and Agencies based on the Governor's Reorganization Plan 2, which becomes operative July 1, 2013.

Figure SUM-03
2013-14
General Fund Expenditures
(Dollars in Millions)

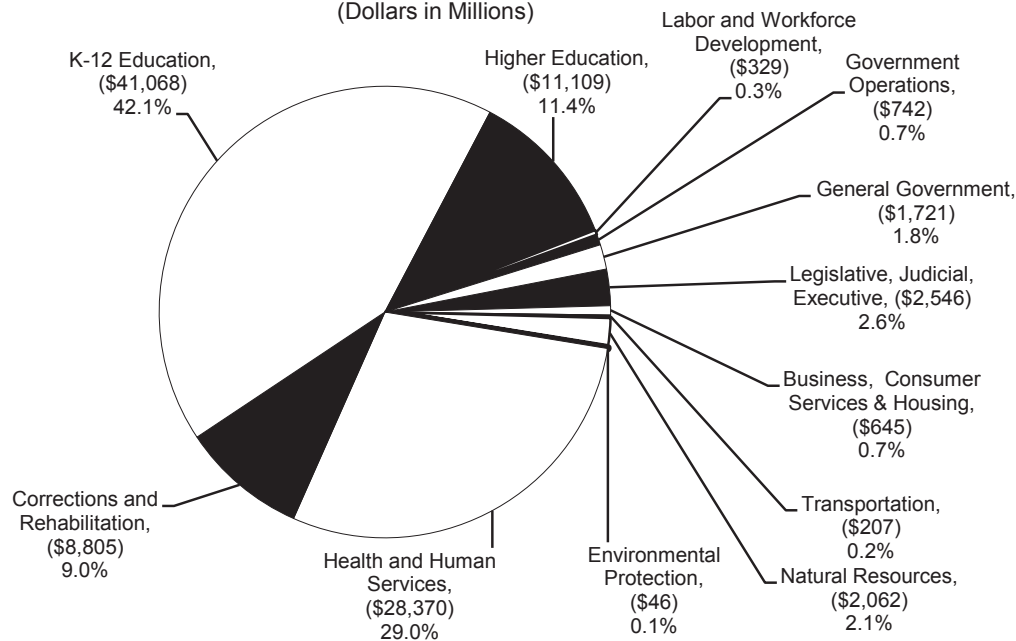


Figure SUM-04
General Fund Revenue Sources
(Dollars in Millions)

	2012-13	2013-14	Change from 2012-13	
			Dollar Change	Percent Change
Personal Income Tax	\$60,647	\$61,747	\$1,100	1.8%
Sales and Use Tax	20,714	23,264	2,550	12.3%
Corporation Tax	7,580	9,130	1,550	20.4%
Insurance Tax	2,022	2,198	176	8.7%
Liquor Tax	320	326	6	1.9%
Tobacco Taxes	91	89	-2	-2.2%
Motor Vehicle Fees	26	23	-3	-11.5%
Other	3,994	1,724	-2,270	-56.8%
Total	\$95,394	\$98,501	\$3,107	3.3%

Note: Numbers may not add due to rounding.

Figure SUM-05
2013-14
General Fund Revenues and Transfers
(Dollars in Millions)

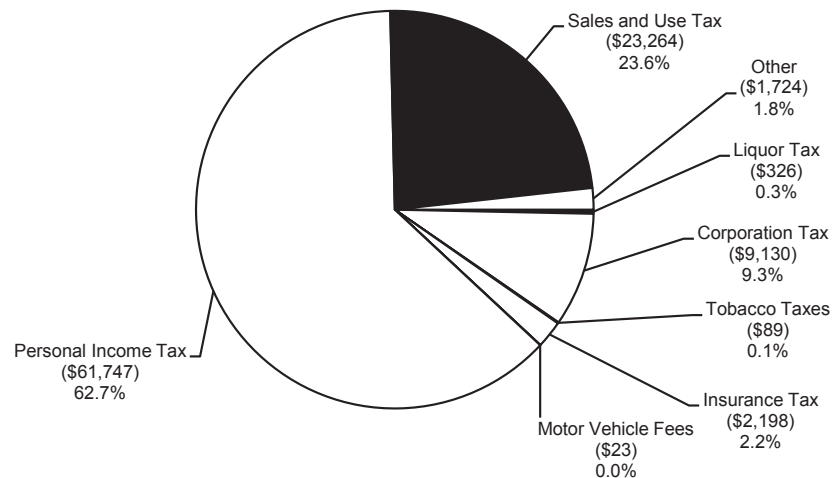
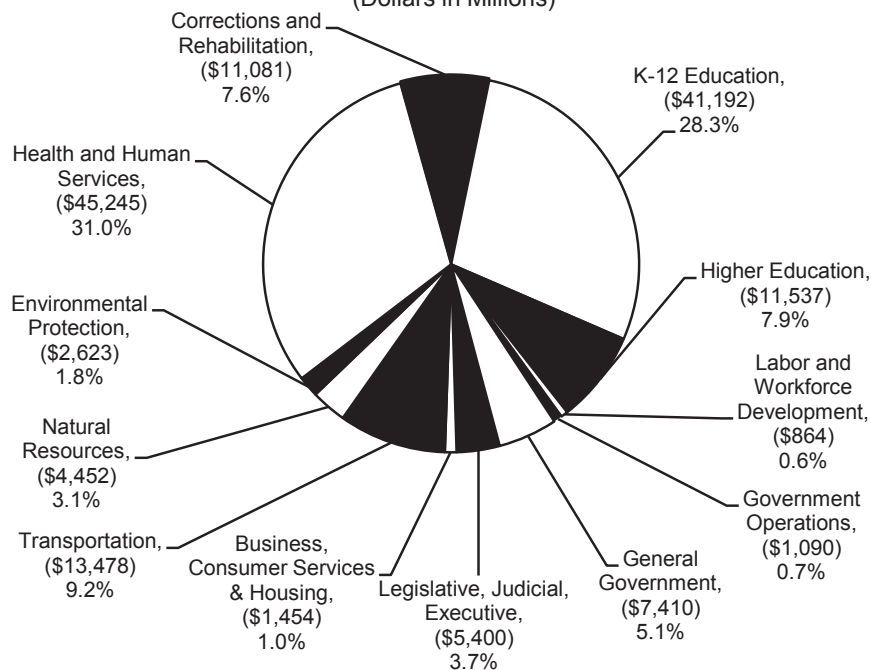


Figure SUM-06
2013-14 Total State Expenditures by Agency
(Dollars in Millions)

	General Fund	Special Funds	Bond Funds	Totals
Legislative, Judicial, Executive	\$2,546	\$2,579	\$275	\$5,400
Business, Consumer Services & Housing	645	741	68	1,454
Transportation	207	8,186	5,085	13,478
Natural Resources	2,062	1,181	1,209	4,452
Environmental Protection	46	2,450	127	2,623
Health and Human Services	28,370	16,799	76	45,245
Corrections and Rehabilitation	8,805	2,272	4	11,081
K-12 Education	41,068	119	5	41,192
Higher Education	11,109	45	383	11,537
Labor and Workforce Development	329	535	-	864
Government Operations	742	335	13	1,090
General Government				
Non-Agency Departments	528	1,581	3	2,112
Tax Relief/Local Government	421	1,876	-	2,297
Statewide Expenditures	772	2,229	-	3,001
Total	\$97,650	\$40,928	\$7,248	\$145,826

Figure SUM-07
2013-14
Total State Expenditures
(Including Selected Bond Funds)
(Dollars in Millions)



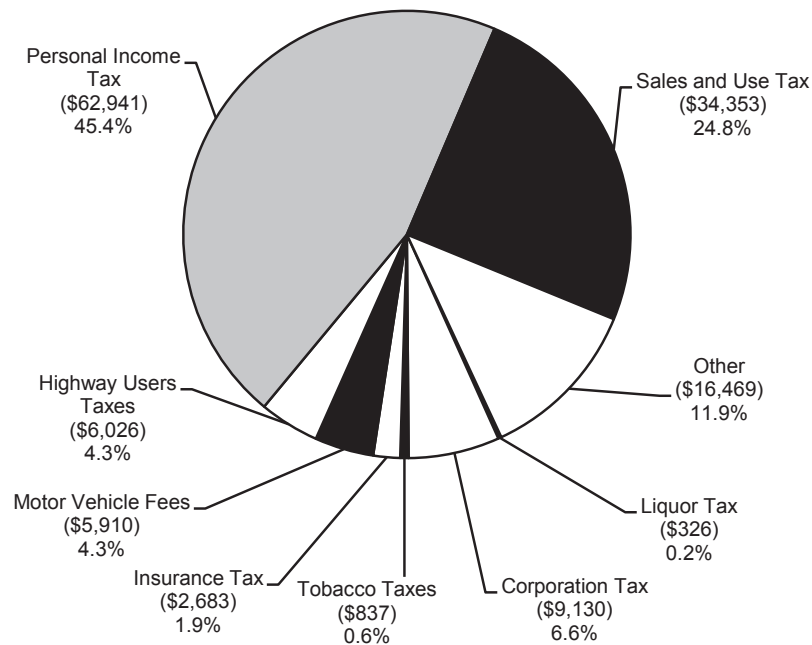
SUMMARY CHARTS

Figure SUM-08
2013-14 Revenue Sources
(Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2012-13
Personal Income Tax	\$61,747	\$1,194	\$62,941	\$945
Sales and Use Tax	23,264	11,089	34,353	3,237
Corporation Tax	9,130	-	9,130	1,550
Highway Users Taxes	-	6,026	6,026	407
Insurance Tax	2,198	485	2,683	297
Liquor Tax	326	-	326	6
Tobacco Taxes	89	748	837	-25
Motor Vehicle Fees	23	5,887	5,910	118
Other	1,724	14,745	16,469	-2,262
Total	\$98,501	\$40,174	\$138,675	\$4,273

Note: Numbers may not add due to rounding.

Figure SUM-09
2013-14
Total Revenues and Transfers
(Dollars in Millions)



K THRU 12 EDUCATION

California provides compulsory instruction and support services to roughly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. Through a system of 58 county offices of education and more than 1,000 local school districts and charter schools, students are provided with instruction in English, mathematics, history, science, and other core competencies to provide them with the skills they will need upon graduation for either entry into the workforce or higher education.

INVESTING IN EDUCATION

The Budget includes Proposition 98 funding of \$56.2 billion for 2013-14, an increase of \$2.7 billion over revised funding levels for the 2012-13 year. With the passage of Proposition 30, the Schools and Local Public Safety Protection Act of 2012, schools have been spared billions of dollars of mid-year trigger reductions. Building off the stabilized funding base for 2012-13, the Budget proposes investments for 2013-14 that will significantly reduce late payments to schools and target substantial additional funding to schools and students in most need of these resources.

During the economic downturn, the state deferred payments to schools, therefore, schools received approximately 20 percent of their funds a year after they spent them. Some school districts were able to borrow to manage these deferrals, while others had to implement deferrals as cuts. Districts that were able to borrow incurred substantial interest costs, which led to dollars taken out of the classroom. The Budget proposes repayment of approximately \$1.8 billion in deferred payments to fund programs and

increase budget transparency. This investment will provide additional certainty of funding for expected levels of programs and services, while also reducing the substantial borrowing costs borne by schools as result of the deferrals.

In addition to revenues provided by Proposition 30, schools and community colleges also benefit from the passage of Proposition 39, the California Clean Energy Jobs Act. For 2013-14, Proposition 39 will result in a \$526 million increase in the Proposition 98 guarantee level. The Budget proposes to transfer \$450 million of the revenues generated in 2013-14 into a special fund for energy efficiency projects in schools and community colleges, consistent with the provisions of Proposition 39. The expenditures from this special fund for energy efficiency projects will also count towards meeting funding obligations for schools and community colleges under Proposition 98.

Since reaching an all-time high of \$56.6 billion in 2007-08, Proposition 98 funding for K-14 education slipped to \$47.3 billion for the 2011-12 year. In recognition of the key role schools play in promoting equal opportunity for Californians, supporting civic engagement and critical thinking, the Budget reverses this almost half-decade decline in funding for education programs. It gives schools resources to fund base programs and services, stabilize and expand their teaching and support personnel, and renew investments in facilities, instructional materials and other education infrastructure. While increasing funding for districts, it makes targeted investments in districts serving students with the greatest level of needs—recognizing that this approach will help the state reduce disparities, maximize student achievement, and strengthening the foundation for sustainable growth.

RESTORING LOCAL CONTROL AND MAKING NEEDS-BASED INVESTMENTS

California's school finance system, which provides funding for school districts, county offices of education, and charter schools, has become overly complex, administratively costly, and inequitably distributed. In many ways, the current system of school finance is a relic of the past, where program allocations have been frozen and are no longer reflective of changing student needs. There are many different funding streams, each with their own allocation formula and spending restrictions. It is state-driven and interferes with local officials deciding how best to meet the needs of students. Further, scholarly research and practical experience indicate that low-income students and English language learners come to school with unique challenges and often require supplemental

instruction and other support services to be successful in school. Additionally, the current school finance system provides few incentives for school districts to offer innovative educational programs that increase student success.

The Budget proposes new funding formulas for both schools and county offices of education. The proposal will increase local control, reduce state bureaucracy, and ensure that student needs drive the allocation of resources. The new funding formulas will also greatly increase transparency in school funding, empowering parents and local communities to access information in a more user-friendly manner and enhance their ability to engage in local school financial matters. The goal is to ensure sufficient flexibility and accountability at the local level so those closest to the students can make the decisions.

SCHOOL DISTRICT AND COUNTY OFFICE OF EDUCATION FINANCE

The Budget proposes a new Local Control Funding Formula that distributes combined resources to schools through a base revenue limit funding grant (base grant) per unit of average daily attendance (ADA) with additional supplemental funding allocated to local educational agencies based on their proportion of English language learner and free and reduced-price meal eligible students. The proposed formula entitles every school district to a base grant adjusted for grade span cost differentials, multiplied by ADA. The average base grant when fully implemented will be equal to the current average undeficit school district revenue limit. A K-3 grade span adjustment is provided to ensure that current K-3 Class Size Reduction program funding is targeted to students in those grades. Base funding will be used by each locality at their discretion to fulfill local educational priorities. Under the new formula, basic aid districts would be defined as districts whose local property taxes equal or exceed their district's formula allocation. Those districts would continue to retain local property taxes in excess of their new formula allocation.

The proposed formula provides supplemental funding to districts based on the proportion of English language learners and free and reduced-price meal eligible students they serve. Supplemental funding is equal to 35 percent of the base grant. When the proportion of English language learners and economically disadvantaged students exceeds 50 percent of its total student population, the school district will receive an additional concentration grant equal to 35 percent of the base grant for each English language learner and economically disadvantaged student above the 50-percent threshold. Under the formula, charter schools are essentially treated the same as a district, except they cannot receive a higher concentration grant than the school district in which it resides. The supplemental

and concentration grants are available for any purpose that benefits the students generating the funding.

While most categorical program funding is redistributed through the new funding formula, the Targeted Instructional Improvement Grant program and Home-to-School Transportation program funding allocations will be distributed as permanent add-on programs to the new funding formula allocations for each district. Schools will be provided with discretion to use these funds for any purpose.

This proposal builds on last year's budget proposal and reflects input from stakeholder groups and the Legislature. The Department of Finance, in collaboration with the State Board of Education and the Department of Education, convened three stakeholder meetings to discuss the concept of a new funding formula and obtain feedback from various education stakeholders. These discussions were guided by six key principles, which are: (1) creating a funding mechanism that is equitable, easy to understand, and focused on the needs of students, (2) implementing the formula in concert with funding increases for K-12 education, (3) phasing in the formula over several years, (4) paying schools back for deferrals and forgone cost-of-living adjustments through restoration of the deficit factor, and funding annual cost-of-living adjustments going forward, (5) allowing schools maximum flexibility in allocating resources to meet local needs, and (6) holding schools accountable for academic and fiscal outcomes. The key changes to last year's proposal include the following:

- Allocating half of the available Proposition 98 growth funding to move local educational agencies towards their respective formula allocation.
- Increasing the supplemental grant and reducing the concentration grant weights.
- Folding current career technical education funding into a 9-12 grade span adjustment.
- Authorizing local educational agencies to receive supplemental and concentration grant funding for an English language learner student for no more than five years.
- Linking funding in the K-3 grade span adjustment to maximum class sizes. A student-to-teacher ratio of 24 to 1 is established as the maximum standard in grades K-3 upon full implementation of the new formula. This ratio may be exceeded if agreed to at the local level according to local priorities.

The Budget proposes a new two-part funding formula for county offices of education that will provide (1) per-ADA funding to support instruction of students who attend community

schools and juvenile court schools, and (2) unrestricted funding for general county office operations, distributed based on the total number of school districts in the county and the total ADA of all students in the county. Under the new formula, county offices of education will receive a base grant per-ADA for students served in alternative schools that acknowledges the higher cost of education in these settings, while also providing the same targeted supplemental grants for English language learner and low income students as proposed in the school district formula.

ACCOUNTABILITY

The Budget proposes to focus accountability on the core requirements and outcomes expected of schools and to better integrate accountability with the local school district budget process. The new system moves away from expenditure requirements and other input-based measures. The Budget requires that all school districts produce and adopt a District Plan for Student Achievement concurrent and aligned with each district's annual budget and spending plan. While school districts have some discretion regarding the content of the plan, all plans are required to address how districts will use state funding received through the new funding formula toward improvement in the following categories:

- Basic conditions for student achievement (having qualified teachers at each school site, sufficient instructional materials available for students, and school facilities in good repair).
- Programs or instruction that benefit low-income students and English language learners.
- Implementation of Common Core content standards and progress toward college and career readiness (as measured by the Academic Performance Index, graduation rates, and completion of college-preparatory and career technical education courses).

The Budget eliminates most programmatic and compliance requirements that school districts, county offices of education, and charter schools are currently subject to under the existing system of school finance. Important requirements that remain in place include federal accountability requirements, as well as fiscal and budgetary controls and academic performance requirements.

FLEXIBILITY

A variety of temporary program and funding flexibility options, which have been provided to local schools since 2008-09, are set to expire over the next two fiscal years.

Consistent with the Administration's policy of having those closest to the students make the decisions, the Budget proposes the following permanent changes:

- Routine Maintenance Contributions—Eliminate the minimum contribution requirement for routine maintenance.
- Deferred Maintenance Program Matching Requirement—Eliminate the required local district set-aside for deferred maintenance contributions.
- Surplus Property—Allow districts to use the proceeds from the sale of any real and personal surplus property for any one-time general fund purposes.

As schools transition to a new funding formula and as funding grows, it is important to consider other flexibilities currently granted to schools. These include the ability of schools to reduce the school year by up to five days or the equivalent number of minutes without incurring penalties, and the ability of schools to reduce their budget reserves to significantly lower levels. The Administration will engage local school officials and education stakeholders in a discussion of the need for additional flexibility until funding returns to the 2007-08 level.

OTHER PROGRAM REFORMS AND INVESTMENTS

In addition to proposing reforms of school district and county office of education funding, the Administration proposes additional changes and investments in the areas of charter schools, special education, K-12 mandates, technology-based instruction, and adult education.

CHARTER SCHOOLS

Charter schools emerged in the early 1990's as an alternative to traditional public schools, providing opportunities for both parents and teachers to establish public schools that are free from most of the requirements of the Education Code. This freedom is intended to provide charter schools maximum flexibility to foster innovation and allow alternative approaches to education in local public schools. Instead of being governed by state law, charter schools are required to comply with the provisions of their local charter petition, as approved by their local school district, county office of education, or the State Board of Education.

Although the number of charter schools has grown to almost 1,000 statewide, there are a number of financial and operational challenges facing charter schools that limit

their potential effectiveness as alternatives to traditional public schools. In financial terms, charter schools receive significantly less funding on a per-student basis than traditional schools. They also face challenges in being able to secure necessary facilities for instruction. Compounding these problems is a labyrinth of control agencies that charter schools must deal with to secure funding for a variety of different programs. To remedy these issues, the Budget proposes the following:

- Shifting the Charter School Facility Grant Program and the Charter School Revolving Loan Program from the Department of Education to the California School Finance Authority to improve the efficiency of charter school program administration and disbursement of funds to local charter schools. The Authority already administers similar programs.
- Modifying the funding determination process for non-classroom based charter schools by limiting it to the first and third years of operation in most instances. Charter schools that are found to be out of compliance with minimum standards and applicable laws will be required to comply with annual funding determinations.
- Expanding the Charter Schools Facility Grant Program to include eligibility for non-classroom based charter schools, as these schools still have facility needs for instructional support.
- Extending for five additional years the 2012-13 requirement that school districts with identified surplus property and facilities first offer to sell those resources to charter schools before selling them to other entities or disposing of those assets.

SPECIAL EDUCATION FINANCE

The special education funding formula, created in Chapter 854, Statutes of 1997 (AB 602), has become unnecessarily complicated over time with certain formula components creating funding inequities among special education local plan areas. Also, a number of program add-ons created over the years have resulted in both inefficiencies and a lack of flexibility at the local level. To address these issues, the Budget proposes the following:

- Eliminating the integration of federal funds in the state's AB 602 calculation and treating both funding streams separately to remove unnecessary complications in the formula and help equalize funding among special education local plan areas.

- Consolidating funding for several special education program add-ons into the base AB 602 formula calculation, while collapsing another 15 special education add-on programs into 10 based on similar activities.

The changes proposed for special education finance will not affect funding set aside for the realignment of mental health services for special education students implemented last year—\$357 million in Proposition 98 General Fund and an additional \$69 million in federal funds will be dedicated for this purpose.

K-12 MANDATES BLOCK GRANT

The Budget Act of 2012 created an alternative method for school and community college districts to receive compensation for performing state-mandated activities by appropriating \$200 million for two new block grants—one for school districts, county offices of education, and charter schools; and one for community college districts. To date, almost 77 percent of school districts and charter schools have opted for block grant funding, while 93 percent of community college districts have selected this option. The block grant statutes specify which mandates are funded through the block grants, and schools are provided with a per-student funding allocation to support the performance of those activities. Schools that choose to receive block grant funding may not submit reimbursement claims. However, two K-12 mandated programs were not included in the K-12 block grant last year; the Graduation Requirements and Behavioral Intervention Plan programs. The Administration proposes to restructure requirements for the Behavioral Intervention Plan program, which will eliminate almost all reimbursable costs for this mandate. There are no changes proposed for the Graduation Requirements program, and the Administration continues to believe that any costs associated with this activity have run their course in the almost 30 years since the inception of this requirement. Nonetheless, the Budget proposes adding an additional \$100 million to the K-12 block grant to fund costs for these two additional programs.

TECHNOLOGY-BASED INSTRUCTION

School districts are limited in their ability to offer instruction in venues other than traditional classroom-based settings. The primary alternative instructional methods available to school districts are through the use of non-classroom based independent study and synchronous online education courses. Independent study programs, while providing freedom from the traditional classroom-based setting, still mandate the same pupil-to-teacher ratios as regular classroom instruction and focus heavily on process compliance with independent study agreements, which are contracts with students that govern the goals and expectations for this type of instruction. Synchronous online

courses are internet-based instructional courses, which provide an additional level of flexibility, but are limited by the requirement that these classes can only be offered under the immediate online supervision of a teacher.

To remove impediments to greater instructional flexibility, the Budget proposes statutory changes that will enable school districts to offer asynchronous online courses through a streamlined and outcome-focused independent study agreement. Asynchronous instruction does not require the simultaneous participation of all students and instructors, thereby increasing flexibility in the delivery of instruction. To hold these types of courses accountable, a refined independent study contract focused on specific measurable student outcomes, and teacher validation of those outcomes, will be used as the basis for whether schools receive funding for offering these courses. Under such a revised contract, schools will be held accountable for student achievement, rather than process requirements.

ADULT EDUCATION AND APPRENTICESHIP REALIGNMENT

Currently, K-12 school districts and community colleges are authorized to provide adult education instruction. However, there is no statewide requirement or mechanism to coordinate the efforts of these two systems. As a result, the state has an inefficient and redundant system that is not always structured in the best interest of adult learners. Further, funding for the K-12 adult education program is currently flexible, available for any educational purpose, and many districts are eliminating their programs and redirecting this funding to support their core instructional programs.

To create a more accountable and centralized adult education learning structure, the Budget proposes \$315.7 million Proposition 98 General Fund to fund a comparable K-12 adult education service delivery system. It proposes an increase of \$300 million to support the program within the community colleges. It also shifts \$15.7 million for the Apprenticeship Program. The proposal eliminates the current bifurcated system and places the community colleges in a position to improve coordination at the regional and statewide levels. Community colleges are better positioned than K-12 schools to address the needs of adult learners because that is their core function. Funding will be allocated from a new adult education block grant based on the number of students served, and the colleges will be encouraged to leverage the capacity and expertise currently available at the K-12 district adult schools. Additional detail on this proposal is discussed in the Higher Education Chapter.

ENERGY EFFICIENCY INVESTMENTS

K-12 school facilities represent the single largest capital outlay investment made by the state since the mid-1990's. From 1998 to present, the state has invested more than \$30 billion in school bond funding to modernize and construct school facilities. School districts and community colleges are well positioned to undertake projects that reduce their current utility requirements and expand the use of renewable energy resources. As a result, to make a substantial energy efficiency imprint throughout the state, the Budget proposes to allocate all Proposition 39 funding to schools and community colleges. Proposition 39 will provide \$450 million in 2013-14 to support these investments in schools and community colleges, and \$550 million in each of the next four years. The reduction in utility costs will in turn assist schools and community colleges in recovering from budgetary reductions implemented over the past five years.

The Department of Education and the Chancellor's Office for the California Community Colleges will be responsible for distributing funding, and may consult with both the California Energy Commission and the Public Utilities Commission to develop guidelines for prioritizing the use of the funds. These guidelines will reflect the state's energy "loading order", which guides the state's energy policies and decisions according to the following order of priority: (1) decreasing electricity demand by increasing energy efficiency, (2) responding to energy demand by reducing energy usage during peak hours, (3) meeting new energy generation needs with renewable resources, and (4) meeting new energy generation needs with clean fossil-fueled generation. Schools and community colleges will be able to use Proposition 39 funding consistent with the state's loading order policies and guidance to undertake energy efficiency measures including, but not limited to, the construction or modernization of buildings in a manner that uses less energy, purchasing energy efficient equipment, as well as undertaking renewable energy projects like installation of solar panels and geothermal heat pumps.

Local schools and community colleges may use Proposition 39 funds for technical assistance to help identify, evaluate, and implement appropriate projects. Schools and community colleges will also be encouraged to partner on their energy efficiency projects with the California Conservation Corps' Energy Corps program and participating community conservation corps programs, which provide career technical education and on-the-job work experience in the energy efficiency and renewable energy industry sectors. Upon project completion, schools and community colleges will report their project expenditure information to the Department of Education and the Chancellor's Office, respectively. The Administration will work with the Department of Education,

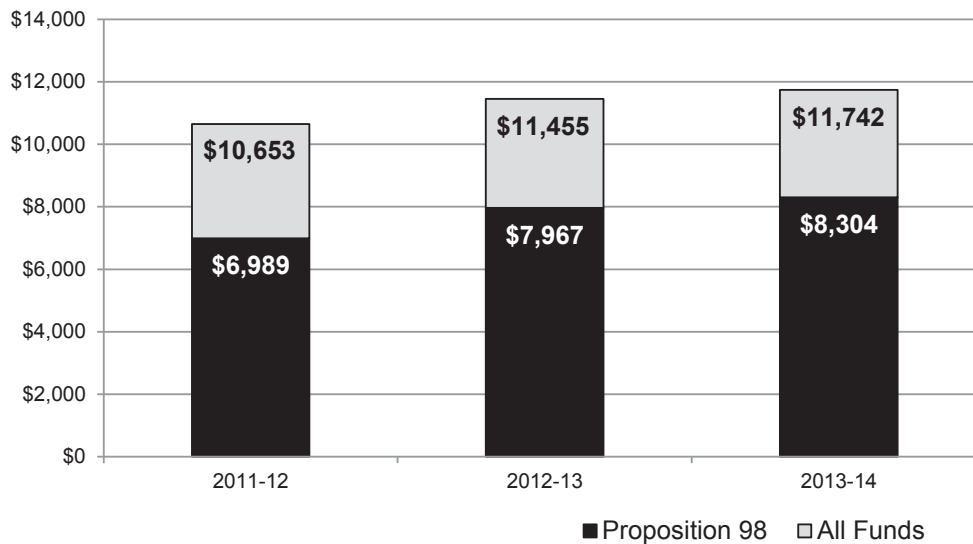
the Chancellor's Office and the Citizens Oversight Board to ensure these funds are used by schools and community colleges in a manner that is consistent with Proposition 39.

K-12 SCHOOL SPENDING AND ATTENDANCE

PER-PUPIL SPENDING

Total per-pupil expenditures from all sources are projected to be \$11,455 in 2012-13 and \$11,742 in 2013-14, including funds provided for prior year settle-up obligations. Ongoing K-12 Proposition 98 per-pupil expenditures in the Budget are \$8,304 in 2013-14, up significantly from the \$7,967 per-pupil provided in 2012-13. (See Figure K12-01). Figure K12-02 displays the revenue sources for schools.

Figure K12-01
K-12 Education Spending Per Pupil



HOW SCHOOLS SPEND THEIR MONEY

Figure K12-03 displays 2010-11 expenditures reported by schools from their general funds, the various categories of expenditure and the share of total funding for each category.

ATTENDANCE

After a period of declining attendance from 2005 to 2010, attendance in public schools began increasing gradually in

Figure K12-02
Sources of Revenue for California's K-12 Schools
(As a Percent of Total)

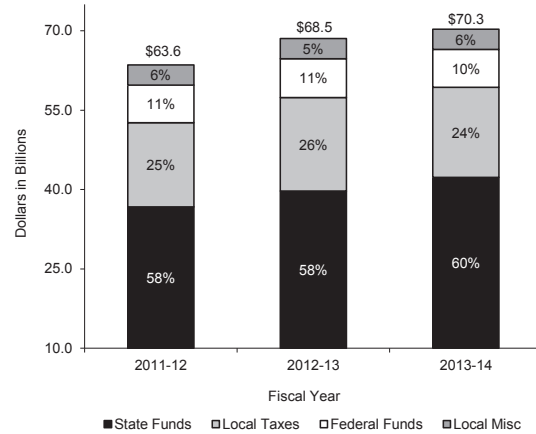
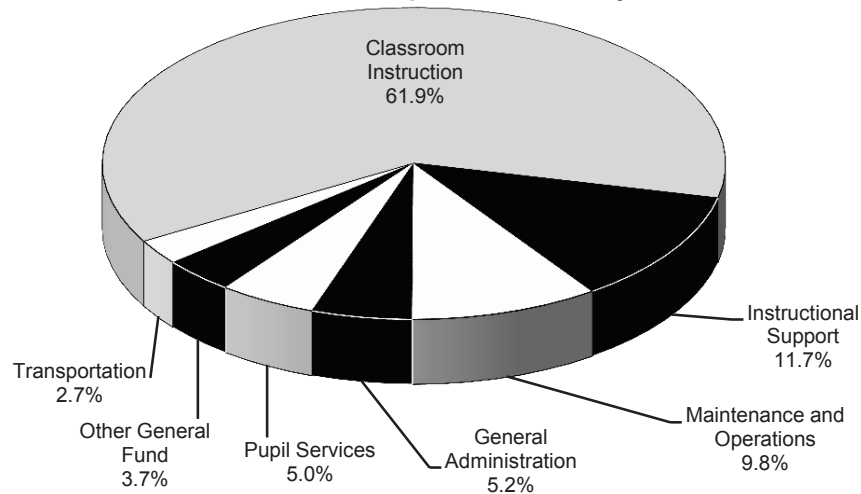


Figure K12-03
Where Schools Spend Their Money¹



Classroom Instruction includes general education, special education, teacher compensation, and special projects.
 General Administration includes superintendent and board, district and other administration and centralized electronic data processing.
 Instructional Support includes research, curriculum development and staff development that benefits and supports student instruction.
 Maintenance and Operations includes utilities, janitorial and groundskeeping staff, and routine repair and maintenance.
 Pupil Services includes counselors, school psychologists, nurses, child welfare, and attendance staff.
 Other General Fund includes spending for ancillary services, contracts with other agencies, and transfers to and from other district funds.

¹ Based on 2010-11 expenditure data reported by schools for their general purpose funding.

the 2010-11 fiscal year. Public school attendance is projected to continue increasing during the 2012-13 and 2013-14 fiscal years. For 2012-13, K-12 ADA is estimated to be 5,982,430, an increase of 16,090 from the 2011-12 fiscal year. For 2013-14, the Budget estimates that K-12 ADA will increase by an additional 5,967 to 5,988,397.

PROPOSITION 98 GUARANTEE

A voter-approved constitutional amendment, Proposition 98 guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline.

Proposition 98 originally mandated funding at the greater of two calculations or Tests (Test 1 or Test 2). In 1990, Proposition 111 (SCA 1) was adopted to allow for a third funding test in low revenue years. As a result, three calculations or tests determine funding for school districts and community colleges (K-14). The calculation or test that is used depends on how the economy and General Fund revenues grow from year to year.

PROPOSITION 98 TEST CALCULATIONS

Test 1 — Percent of General Fund Revenues: Test 1 is based on a percentage or share of General Fund tax revenues. The base year for the Test 1 percentage is 1986-87, a year in which school districts and community colleges (K-14) received approximately 40 percent of General Fund tax revenues. As a result of shifts in property taxes between K-14 schools and other local government entities, as well as a shift in the number of programs funded within Proposition 98, the current rate is approximately 39 percent.

Test 2—Adjustments Based on Statewide Income: Test 2 is operative in years with normal to strong General Fund revenue growth. This calculation requires that school districts and community colleges receive at least the same amount of combined state aid and local property tax dollars as they received in the prior year, adjusted for enrollment growth and growth in per capita personal income.

Test 3—Adjustment Based on Available Revenues: Test 3 is used in low revenue years when General Fund revenues decline or grow slowly. During such years, the funding guarantee is adjusted according to available resources. A “low revenue year” is defined as one in which General Fund revenue growth per capita lags behind per capita personal income growth by more than one-half percentage point. Test 3 was designed so that education is treated no worse in low revenue years than other segments of the

state budget. In years following a Test 3 funding level, the state is required to provide funding to restore what was not allocated the previous year. This is often referred to as a “maintenance factor”.

K-12 SCHOOL FACILITIES

Since 1998, voters have approved approximately \$35 billion in statewide general obligation bonds to construct or renovate public school classrooms used by the state’s roughly six million elementary, middle and high school students. In addition to general obligation bonds, school districts may use developer fees, local bonds, certificates of participation and Mello-Roos bonds to construct additional classrooms or renovate existing classrooms.

Currently, there is no bond authority remaining in the core school facilities new construction and modernization programs. As a result, now is an appropriate time to engage in a dialogue on the future of school facilities funding. Central to this discussion must be a consideration of what role, if any, the state should play in the future of facilities funding. It is also appropriate to engage in a deeper examination of the acceleration in state bond issuances for school facilities over the course of the last 15 to 20 years. Further, there are problems inherent in the current program that must be examined. School facility funding and related debt service costs have been supported outside of operational funding provided to schools, as such, facility needs are not balanced with the operational needs of schools. The current School Facilities Program is overly complex and administered by multiple control agencies with fragmented responsibilities. The current program is also largely state-driven, restricting local flexibility and control.

The Administration suggests the following guiding principles:

- From a state perspective, future K-12 facilities funding needs must be considered in the context of other competing education and non-education priorities and needs.
- The school facilities construction process should be easy to understand and efficient.
- School districts and their respective localities should have appropriate control of the school facilities construction process and priorities.

- School districts and community college districts should have incentives to balance their facility costs against operational needs within the total amount of funding available from state and local sources for education.

K-12 BUDGET ADJUSTMENTS

Significant adjustments:

- **K-12 Deferrals**—An increase of approximately \$1.8 billion Proposition 98 General Fund to reduce inter-year budgetary deferrals. Combined with the \$2.2 billion provided in 2012-13 to retire inter-year deferrals, the total outstanding deferral debt for K-12 will be reduced to \$5.6 billion at the end of the 2013-14 fiscal year, and all remaining deferrals will be paid off by the end of the 2016-17 fiscal year. Inter-year deferrals for K-12 had reached a high of \$9.5 billion in the 2011-12 fiscal year.
- **New School District Funding Formula**—Additional growth of approximately \$1.6 billion in Proposition 98 General Fund for school districts and charter schools in 2013-14, an increase of 4.5 percent.
- **New County Office of Education Funding Formula**—An increase of \$28.2 million Proposition 98 General Fund to support first year implementation of a new funding formula for county offices of education in 2013-14.
- **Energy Efficiency Investments**—An increase of \$400.5 million Proposition 98 General Fund to support energy efficiency projects in schools consistent with Proposition 39.
- **Charter Schools**—An increase of \$48.5 million Proposition 98 General Fund to support projected charter school ADA growth.
- **Special Education**—An increase of \$3.6 million Proposition 98 General Fund for Special Education ADA growth.
- **K-12 Mandates Funding**—An increase of \$100 million to the K-12 portion of the mandates block grant to support costs associated with the Graduation Requirements and Behavioral Intervention Plans mandates.
- **Cost-of-Living Adjustment Increases**—The Budget provides \$62.8 million to support a 1.65-percent cost-of-living adjustment for a select group of categorical programs that will remain outside of the new student funding formula, including Special

Education, Child Nutrition, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school district and county office of education revenue limits will be provided in the form of new funding allocated for the implementation of the new funding formulas.

- Emergency Repair Program—An increase of \$9.7 million one-time Proposition 98 General Fund Reversion Account for the Emergency Repair Program.
- Local Property Tax Adjustments—An increase of \$526.6 million Proposition 98 General Fund for school district and county office of education revenue limits in 2012-13 as a result of lower offsetting property tax revenues. An increase of \$608.6 million in Proposition 98 General Fund for school districts and county offices of education in 2013-14 as a result of reduced offsetting local property tax revenues.
- Average Daily Attendance (ADA)—An increase of \$304.4 million in 2012-13 for school district and county office of education revenue limits as a result of an increase in projected ADA from the 2012 Budget Act. An increase of \$2.8 million in 2013-14 for school districts and county offices of education as a result of projected growth in ADA for 2013-14.
- Child Nutrition Program—An increase of \$77 million for 2013-14 in federal local assistance funds to reflect growth of nutrition programs at schools and other participating agencies.
- The revised 2012-13 Proposition 98 guarantee will be \$162.8 million below the level of General Fund appropriated in 2012-13. The Budget proposes that this amount be used to retire future funding obligations under the terms of the *CTA v. Schwarzenegger* settlement agreement.

CHILD CARE

Subsidized Child Care includes a variety of programs designed to support the gainful employment of low-income families. These programs are primarily administered by the Department of Education through non-Proposition 98 funding and the annual federal Child Care and Development Fund grant. All programs are means-tested and require that families receiving subsidies have a need for child care, which means all adults in the family must be working or seeking employment, or are in training that leads to employment. Most programs are capped, drawing eligible families from waiting lists, while those specifically limited to CalWORKs families or former CalWORKs families have been funded for all eligible recipients.

The major capped programs include General Child Care, Alternative Payment Program, and Migrant Child Care. CalWORKs programs include: Stage 1, administered by the Department of Social Services, is for families on cash assistance whose work activities have not stabilized; Stage 2, administered by the Department of Education, is for those CalWORKs families with stable work activities and for families who are transitioning off aid, for up to two years; and Stage 3, also administered by the Department of Education, is reserved for families who have successfully transitioned off aid for more than two years and still have a child care need.

The current subsidized child care system is fragmented by design. As discussed in the Health and Human Services Chapter, the Department of Social Services will convene a stakeholder group to assess the current structure of opportunities for streamlining and other improvements.

Significant adjustments:

- Child Care and Development Programs—The significant workload adjustments for these programs are as follows:
 - Stage 2—A decrease of \$21 million non-Proposition 98 General Fund in 2013-14, primarily to reflect a decline in the number of eligible CalWORKs Stage 2 beneficiaries. In 2010-11, approximately 6,000 children were determined eligible for diversion services in Stage 2. Currently, these children and their eligible families are re-entering Stage 3 in 2012-13, and this population trend will persist into 2013-14. Total base cost for Stage 2 is \$398.3 million.
 - Stage 3—An increase of \$24.2 million non-Proposition 98 General Fund in 2013-14 primarily to reflect the transfer of approximately 6,000 children from Stage 2 to Stage 3. Total base cost for Stage 3 is \$172.6 million.
 - Child Care and Development Funds—A net decrease of \$9.8 million federal funds in 2013-14 to reflect removal of one-time carryover funds available in 2012-13 (\$20.7 million), an increase of \$16.8 million in one-time carryover funds, and a decrease of \$5.9 million in available base grant funds.

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HIGHER EDUCATION

Each year, millions of Californians pursue degrees and certificates and enroll in courses to improve their knowledge and skills at the state's higher education institutions. More are connected to the system as employees, contractors, patients, and community members. California's system of higher education consists of three segments. Drawing from the top 12.5 percent of the state's high school graduates, the University of California (UC) educates approximately 239,500 undergraduate and graduate students and is the primary institution authorized to independently award doctoral degrees and professional degrees. Drawing students from the top one-third of the state's high school graduates, the California State University (CSU) provides undergraduate and graduate instruction to approximately 410,300 students. The California Community Colleges are publicly supported local educational agencies that provide open-access educational and vocational programs to approximately 2.4 million students. The state also provides financial aid to students attending all institutions of public and private postsecondary education through the Cal Grant program. Over 99,000 students received new Cal Grant awards, and over 150,000 students received renewal awards, in 2011-12.

Beginning with the Master Plan in 1960, California's approach to higher education has been to heavily subsidize the public segments and keep costs low for university students (and even lower for community college students). California's higher education system is relatively affordable to students because of California taxpayers' investment in that system. California institutions have some of the lowest published tuition and fee levels in the country. In addition to providing direct support to the higher education

system, California fully reimburses all UC, CSU and community college tuition and fee costs for students with family incomes below \$96,000 through the Cal Grant and the California Community Colleges Board of Governors Fee Waiver programs. In total, California taxpayers provide approximately \$13 billion of annual General Fund support to California's higher education system through a combination of general-purpose, categorical program, and Cal Grant Program funding.

As a result of the taxpayers' investment in higher education, California public college and university graduates carry some of the lowest student loan debt burdens when compared to graduates from other states. California students in public and non-profit colleges rank 46th in student debt levels—half of California undergraduates have student debt, averaging \$18,800, compared to two-thirds of graduates nationally, averaging \$26,600.

The recent economic downturn and resulting shortfalls in state revenues required reductions in the state's subsidies of public higher education. During this period of fiscal constraints, state and local public agencies throughout California reexamined their cost structures and refocused limited resources on the most essential functions. UC and CSU pursued administrative efficiencies that have yielded from the low-to-mid hundreds of millions of dollars of savings for each segment. However, from 2007-08 to 2012-13, when other public agencies were retrenching, UC expenditures increased by 15 percent and CSU expenditures increased by 3 percent. These expenditure increases were funded by approximately \$1.4 billion in tuition revenue increases at UC and \$1 billion at CSU, a near doubling of tuition and fees from 2007-08 to the present. Specifically, UC's tuition and fees increased by \$5,556 over that period. CSU's tuition and fees increased by \$2,700 over that same period (see Figure HED-01). These rapid tuition increases have been a significant hardship for students and their families, particularly middle-income families who do not qualify for Cal Grants.

The rising cost of higher education not only threatens affordability, it also threatens the quality of California's system of higher education as it relies on a model that is not sustainable. Historically, California's public higher education institutions have led the world in terms of quality, innovation, and affordability for students. However, California is beginning to lose its lead in these areas in large part because of a higher education cost structure that continually increases without necessarily adding productivity or value. While this is a problem nationwide, California's higher education system is more expensive than other states' systems because (1) spending is very high in UC compared to other public research universities, and (2) completion and transfer rates are very low in CSU and the community colleges, resulting in great inefficiencies.

Figure HED-01
UC and CSU Expenditures and Undergraduate Tuition and Fees
(Dollars in Millions)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 ^{4/}	Change from 2007-08	
								Dollars	Percent
UC									
General Fund	\$3,257.4	\$2,418.3	\$2,591.2	\$2,910.7	\$2,272.4	\$2,377.3	\$2,644.1	-\$613.3	-19%
Tuition and Fee Revenue	1,593.1	1,676.8	2,054.4	2,212.7	3,022.6	3,000.6	3,029.2	1,436.1	90%
Federal Funds - ARRA ^{1/}	-	716.5	-	106.6	-	-	-	-	-
Total Funds ^{2/}	\$5,453.3	\$5,453.4	\$5,298.1	\$5,948.2	\$6,117.2	\$6,263.6	\$6,526.6	\$1,073.3	20%
Systemwide Tuition and Fees	\$6,636	\$7,126	\$8,373	\$10,302	\$12,192	\$12,192	\$12,192	\$5,556	84%
CSU									
General Fund ^{3/}	\$2,970.6	\$2,155.3	\$2,345.7	\$2,577.6	\$2,002.7	\$2,063.6	\$2,333.0	-\$637.6	-21%
Tuition and Fee Revenue	1,176.3	1,406.1	1,630.6	1,681.9	2,187.0	2,129.9	2,129.9	953.6	81%
Federal Funds - ARRA ^{1/}	-	716.5	-	106.6	-	-	-	-	-
Total Funds ^{2/ 3/}	\$4,487.1	\$4,616.9	\$4,279.9	\$4,674.5	\$4,612.0	\$4,633.2	\$4,902.7	\$415.6	9%
Systemwide Tuition and Fees	\$2,772	\$3,048	\$4,026	\$4,440	\$5,472	\$5,472	\$5,472	\$2,700	97%

¹ The second round allocations of American Recovery and Reinvestment Act (ARRA) funding from the State Fiscal Stabilization Fund are shown in 2008-09 to more accurately reflect segmental expenditures between the two fiscal years and intent of federal law to backfill 2008-09 reductions.

² Total funds for UC and CSU include offsetting general purpose income, but exclude self-supporting functions such as auxiliary enterprises and extramural programs among others.

³ Beginning in 2012-13, health benefits provided for CSU retired annuitants are included in CSU's main General Fund and Total Funds budget, rather than in the main statewide item for retired annuitant benefits, as reflected in Figure HED-02. However, for purposes of this figure, to compare 2007-08 to 2013-14 funding, these expenditures are not reflected in CSU's funding levels in 2012-13 or 2013-14.

⁴ Beginning in 2013-14, the general obligation bond debt service payments are included in UC and CSU's main General Fund and Total Funds budgets. However, for purposes of this figure, to compare 2007-08 to 2013-14 funding, the GO bond debt service amounts are not reflected in the segments' 2013-14 expenditures.

UC and CSU have proposed budgets that call for increases in state funding of about 12 percent and 18 percent, respectively, from the preceding year. By comparison, over the past three years, personal income growth in California has averaged slightly less than 4 percent per year. California taxpayers cannot sustain institutions whose cost growth greatly outpaces the state's income growth. Furthermore, the rapidly growing numbers of college graduates who are unable to repay their student loans is an indication that these costs cannot be forever pushed onto students through tuition and fee increases.

Even while the California higher education system demands more funding, it produces transfer and completion rates that need improvement. Less than 30 percent of degree

seeking students at community colleges complete a degree, earn a certificate, or transfer within six years. For CSU, only 16 percent of students complete their degree within four years, and just 60 percent of students earn a degree in four years at UC. A significant obstacle to timely completion is the unavailability of courses. When students are turned away from courses, time to completion increases and students enroll in courses they do not need for their degree, generating excess costs to the student and the state, and crowding out other students in the process.

Until recently, the state has funded higher education based on enrollment targets. However, enrollment-based funding does not promote innovation and efficiency or improve graduation rates. It does not focus on critical outcomes—affordability, timely completion rates, and quality programs. Instead, it builds the existing institutional infrastructure, allowing public universities and colleges to continue to deliver education in the high-cost, traditional model.

INVESTING IN HIGHER EDUCATION

The state must begin to reinvest to improve the quality and affordability of California's system of higher education. This investment is critical to provide all Californians—regardless of their financial circumstance—access to high-quality post-secondary instruction, improve educational attainment, and support civic engagement and critical thinking—thereby strengthening the foundation for sustainable growth. While continued state support of the Cal Grant program will maintain access for low-income families, additional state support for UC, CSU and community colleges alone will not be sufficient to stabilize tuition and fee costs for middle-income students or maintain the quality of these institutions. The UC, CSU and community colleges need to move aggressively to implement reforms to provide high-quality instruction at lower cost, decrease the time it takes to earn a degree, and increase graduation rates, by deploying their teaching resources more effectively.

There are many immediate demands for state funding. The Budget chooses to invest new, discretionary General Fund resources in higher education because the Administration believes that maintaining a quality, affordable system is critical to the future of the state. The Budget aims to enhance the quality of California's higher education institutions by making them more affordable, decreasing time to completion, improving overall completion rates in all higher education segments, and improving the transfer rate of community college students to four-year colleges and universities.

The Budget proposes total funding of \$25.8 billion, reflecting an increase of \$1.3 billion, or 5.3 percent, above 2012-13. The Budget proposes funding of \$13.2 billion in General Fund and Proposition 98 related-sources reflecting an increase of \$1.2 billion above 2012-13.

See Figure HED-02 for a summary comparison of individual institution funding totals reflecting the budget proposal and prior year appropriations.

Figure HED-02
Higher Education Expenditures
(Dollars in Millions)

	2011-12	2012-13	2013-14	Change from 2012-13	
				Dollars	Percent
University of California ^{1/}					
Total Funds ^{2/}	\$6,348.7	\$6,453.0	\$6,728.3	\$275.3	4.3%
General Fund	2,503.9	2,566.7	2,845.8	279.1	10.9%
California State University ^{1/}					
Total Funds ^{2/ 3/}	\$4,840.3	\$5,069.0	\$5,379.6	\$310.6	6.1%
General Fund ^{3/}	2,231.0	2,492.4	2,809.3	316.9	12.7%
Community Colleges ^{1/}					
Total Funds	\$10,674.6	\$11,263.7	\$11,880.3	\$616.6	5.5%
General Fund & P98 ^{4/}	5,594.7	6,166.2	6,784.0	617.8	10.0%
Student Aid Commission					
Total Funds	\$1,578.6	\$1,654.3	\$1,752.6	\$98.3	5.9%
General Fund	1,486.2	735.6	719.6	-16.0	-2.2%
Other Higher Education ^{5/}					
Total Funds	\$55.8	\$58.9	\$57.8	-\$1.1	-1.9%
General Fund	9.1	9.2	9.5	0.3	3.3%
Total Funds	\$23,498.0	\$24,498.9	\$25,798.6	\$1,299.7	5.3%
General Fund	\$11,824.9	\$11,970.1	\$13,168.2	\$1,198.1	10.0%

^{1/} UC, CSU, and CCC General Fund and Total Funds include general obligation bond debt service.

^{2/} For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income, but exclude self-supporting functions such as auxiliary enterprises and extramural programs among others. This provides consistency in comparing magnitudes and growth among the various segments of education.

^{3/} Beginning in 2012-13, the health benefits provided for CSU retired annuitants are reflected in CSU's budget, rather than in the statewide total.

^{4/} For purposes of comparing with UC and CSU General Fund, CCC includes property tax revenue as a component of the state's obligation under Proposition 98.

^{5/} The Other Higher Education amount includes Hastings College of the Law, including Hastings' GO bond debt service, and the California Postsecondary Education Commission.

MULTI-YEAR STABLE FUNDING PLAN

The state's General Fund contribution to UC, CSU, and Hastings will increase by 5 percent per year in 2013-14 and 2014-15 and by 4 percent in each of the subsequent two years. Community colleges funding will also increase by 5 percent in 2013-14. It is expected that community colleges funding will grow significantly over the next several years. All institutions will be expected to use these increases to implement reforms that will make available the courses students need and help them progress through college efficiently, using technology to deliver quality education to greater numbers of students in high-demand courses, improving course management and planning, using faculty more effectively, and increasing use of summer sessions. With savings achieved in this way, in combination with the General Fund increases and realizing the savings of current efficiency efforts (e.g. UC's Working Smarter Initiative and CSU's Systemwide Administrative Efficiencies), the Administration expects the colleges and universities to maintain current tuition and fee levels over the next four years. The Administration will continue to engage UC, CSU, and community colleges administration, faculty, staff, and students in this effort to maintain the quality of education at these institutions while, at the same time, controlling costs and preventing further increases in tuition and student fees for motivated and focused students.

EXPAND THE DELIVERY OF COURSES THROUGH TECHNOLOGY

The Budget provides \$16.9 million to the community colleges to increase the number of courses available to matriculated undergraduates through the use of technology. The focus should be on the courses that have the highest demand, fill quickly, and are prerequisites for many different degrees. Priority will be given to development of courses that can serve greater numbers of students while providing equal or better learning experiences, but only if those courses are aimed at advanced students who are likely to succeed in these types of courses. This initiative will include three key elements: (1) the creation of a "virtual campus" to increase statewide student access to 250 new courses delivered through technology, (2) the creation of a single, common, and centralized delivery and support infrastructure for all courses delivered through technology and for all colleges, and (3) the expansion of options for students to access instruction in other environments and earn college credit for demonstrated knowledge and skills through credit by exam.

In addition, the Budget provides UC and CSU \$10 million each to increase the number of courses available to matriculated undergraduates through the use of technology,

specifically those courses that have the highest demand, fill quickly, and are prerequisites for many different degrees. Priority will be given to the development of courses that can serve greater numbers of students while providing equal or better learning experiences.

STUDENT SUCCESS

The plan provides annual General Fund augmentations and expects each institution to direct those funds to the achievement of the following priorities: improvements in time-to-completion, improvements in graduation and completion rates in all segments, increases in transfer students enrolled at CSU and UC, and successful credit and basic skills course completion. Not all students matriculating in higher education have the common goal to earn a degree in four years. Both CSU and community colleges have significant populations of students who are earning their degrees or certificates on a part-time basis (e.g. full-time employment and family commitments). Higher education systems should provide all students the opportunity to access the courses needed to complete their degrees or certificates within the students' intended timelines. This applies to students whether they complete their undergraduate coursework in a traditional four-year period or over a longer timeframe.

STUDENT INCENTIVES

To shorten students' time-to-degree, reduce costs for students and the state, and increase access to more courses for other students, the number of units students can take while receiving a state General Fund subsidy at any of the segments will be capped.

- For UC and CSU, in the first two years of the proposal, students will be allowed to accrue no more than 150 percent of the standard units needed to complete most degrees (270 quarterly units at UC and 180 semester units at CSU); in later years, students will be allowed to accrue units equivalent to no more than about one additional year of coursework (225 units at UC and 150 units at CSU). If students enroll in courses that exceed these unit caps, students will be required to pay the full cost of instruction. However, the universities may grant case-by-case waivers to students who exceed the cap due to factors beyond their control, allowing them to continue to pay the subsidized tuition level. The universities would not receive any additional state funding for these students.

- For community colleges, students will be allowed to take no more than 90 semester credit units (150 percent of the standard 60 semester credit units required to earn an associate's degree or credits for transfer) starting in 2013-14. If students enroll in credit courses that exceed these unit caps, students will be required to pay the full cost of instruction. Community colleges may grant case-by-case waivers to students who exceed the cap due to factors beyond their control, allowing them to continue to pay the subsidized tuition level. However, the community colleges will not receive any state funding for these students.

This policy will encourage students to identify an educational goal and reach it in a timely and efficient way, focusing on the courses necessary to complete their educational goals, while still allowing for some exploration of other subject areas.

UNIVERSITY OF CALIFORNIA

Drawing from the top 12.5 percent of the state's high school graduates, the University of California (UC) educates approximately 239,500 undergraduate and graduate students at its ten campuses and is the primary institution authorized to independently award doctoral degrees and professional degrees in law, medicine, business, dentistry, veterinary medicine, and other programs. UC manages one U.S. Department of Energy national laboratory, partners with private industry to manage two others, and operates five medical centers that support the clinical teaching programs of UC's medical and health sciences schools that handle more than 3.9 million patient visits each year.

Significant Adjustments:

- General Fund Increase—As discussed above, an ongoing increase of \$125.1 million General Fund for core instructional costs. This includes the \$10 million to increase the number of courses available to matriculated undergraduates through the use of technology. This funding should obviate the need for UC to increase student tuition and fees and can be used by the university to meet its most pressing needs. This increase is in addition to the \$125 million General Fund that UC will receive in 2013-14 for not increasing tuition and fees in 2012-13, as required by the 2012 Budget Act.
- Debt Service Costs—Currently, the state separately funds general obligation and lease revenue debt service for UC capital improvement projects. The Budget proposes to shift these appropriations into UC's budget, which will require UC to factor these costs into the university's overall fiscal outlook and

decision-making process. Any new UC capital expenditures will be subject to approval by the Administration to ensure the funds are used for academic facilities to address seismic and life safety needs, enrollment growth, modernization, or for cogeneration and energy conservation projects. Further, there will be limits on the amount of the budget that can be spent on capital expenditures. If UC elects to restructure its debt as a result of this proposal, it is expected that it will make resources available for instruction.

CALIFORNIA STATE UNIVERSITY

Drawing students from the top one-third of the state's high school graduates, the California State University (CSU) provides undergraduate and graduate instruction through master's degrees and independently awards doctoral degrees in education, nursing practice, and physical therapy, or jointly with UC or private institutions in other fields of study. With 23 campuses and approximately 410,300 students, CSU is the largest and most diverse university system in the country. CSU plays a critical role in preparing the workforce of California; it grants more than one-half of the state's bachelor's degrees and one-third of the state's master's degrees. CSU prepares more graduates in business, engineering, agriculture, communications, health, and public administration than any other California institution of higher education. It also produces over 50 percent of California's teachers.

Significant Adjustments:

- **General Fund Increase**—As discussed above, an ongoing increase of \$125.1 million General Fund for core instructional costs. This includes the \$10 million to increase the number of courses available to matriculated undergraduates through the use of technology. This funding should obviate the need for CSU to increase student tuition and fees and can be used by the university to meet its most pressing needs. This increase is in addition to the \$125 million General Fund that CSU will receive in 2013-14 for not increasing tuition and fees in 2012-13, as required by the 2012 Budget Act.
- **Debt Service and Retirement Contribution Costs**—Currently, the state separately funds general obligation and lease revenue debt service for CSU capital improvement projects. The state also annually adjusts funding for CSU's retirement obligations. The Budget proposes to fold debt service appropriations into CSU's budget. Any new CSU capital expenditures will be subject to approval by

the Administration to ensure the funds are used for academic facilities to address seismic and life safety needs, enrollment growth, or modernization. Further, there will be limits on the amount of the budget that can be spent on capital expenditures. The Budget also proposes that the state continue to fund retirement contributions for CSU employees, based on the number of 2012-13 employees. If CSU chooses to add employees or increase wages beyond 2012-13 levels, CSU will be responsible for the associated costs. These two changes will require CSU to factor these costs into the university's overall fiscal outlook and decision-making process.

- Provide CSU the Authority to Negotiate and Set Employee Health Benefit Rates with Represented and Non-Represented Employees—CSU will be provided the same statutory authority to negotiate or set employee health care benefit rates that is provided to the California Department of Human Resources for other state employees. Currently, CSU pays 100 percent of the health care premiums for its employees and 90 percent for employees' family members. However, for most other state employees, the state pays either 80 or 85 percent of employees' health care premiums and 80 percent for family members. This proposal will provide CSU a tool to better manage and negotiate the entirety of its personnel costs.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges are publicly supported local educational agencies that provide educational, vocational, and transfer programs to approximately 2.4 million students. The California Community College system is the largest system of higher education in the world, with 72 districts, 112 campuses, and 70 educational centers. In addition to providing education, training, and services, the community colleges contribute to continuous workforce improvement. The community colleges also provide remedial instruction for hundreds of thousands of adults across the state through basic skills courses and adult non-credit instruction.

Significant Adjustments:

- Expand the Delivery of Courses through Technology—As discussed above, an augmentation of \$16.9 million to increase the number of courses available to matriculated undergraduates through the use of technology.
- Reforms to Census Accounting Practices—Currently, community colleges are provided state funding based on the number of students enrolled at the 20-percent mark of the term. Under this construct, the fiscal incentives for

community colleges are to enroll students and not to ensure that students complete the term. When students withdraw after the 20-percent mark, the state is unnecessarily paying community colleges for students who are no longer in class. Enrollment-based funding lacks incentives for the colleges to focus on critical outcomes—affordability, timely completion rates, and quality programs. This proposal will more appropriately apportion funding by focusing on completion at the end of the term, as opposed to counting attendance at the early weeks of the term. It will be phased in over several years to help colleges adjust their policies and practices in a way that encourages appropriate student placement and good course management. This proposal will reinvest savings into higher apportionment rates for students that complete their courses and for student support services in those communities with higher non-completion rates.

- **Board of Governor’s Fee Waiver Program Reform**—The Board of Governor Fee Waiver program provides hundreds of millions of state financial aid dollars annually to community colleges and their students. Approximately 60 percent of all credit course fees are waived annually by the community colleges, and the state backfills this lost community college revenue source with state funds. The fee system is designed to charge fees to those who can afford to pay them and provide waivers to students who need them. The current fee waiver program provides financial aid to students with limited verification of financial need. To ensure that only financially needy students are determined eligible for the fee waiver program and to ensure program integrity, students seeking financial aid will be required to fill out a Free Application for Federal Student Aid and include both parent and student income when determining fee waiver eligibility. Any savings that result will be reinvested to further increase course offerings and student services and allow students to move through the system more quickly. Additionally, this proposal will generate additional federal financial aid resources for students and colleges.
- **Adult Education Realignment**—As referenced in the K Thru 12 Education Chapter, K-12 school districts and community colleges are both currently authorized to provide adult education instruction. However, there is no statewide requirement or mechanism to coordinate the efforts of these two systems. As a result, the state has an inefficient and redundant system that is not always structured in the best interest of adult learners. Further, funding for the K-12 adult education program is currently flexible and available for any educational purpose. Many districts are eliminating their programs and redirecting this funding to support their core instructional programs.

- To create a more accountable and centralized adult education learning structure, the Budget proposes \$315.7 million Proposition 98 General Fund to fund a comparable K-12 adult education service delivery system. It proposes an increase of \$300 million to support the program within the community colleges. It also shifts \$15.7 million and the responsibility for the Apprenticeship Program from school districts to the community colleges. The proposal eliminates the current bifurcated system and places community colleges in a position to improve coordination at the regional and statewide levels. Community colleges are better positioned to address the needs of adult learners because that is their core function. However, the colleges will be encouraged to leverage the capacity and expertise currently available at the K-12 district adult schools.
- Funding for adult education will be allocated from a new block grant based on the number of students served and only for core instructional areas such as vocational education, English as a Second Language, elementary and secondary education, and citizenship. This proposal will refocus apportionments away from non-mission areas and reinvest savings for additional courses in mission areas such as basic skills and workforce training. If community colleges offer non-mission courses, students will be required to pay the full cost of instruction. The funding level will be reassessed in the future based on program participation and effectiveness.
- Clean Energy Efficiency Projects—An increase of \$49.5 million Proposition 98 General Fund for community colleges to undertake clean energy efficiency projects. Like school districts, community colleges are well positioned to undertake projects that reduce their current utility requirements and expand the use of renewable energy resources. Moreover, community colleges are in the unique position to make a substantial energy efficiency imprint throughout the state in terms of their scope (112 colleges and their related facilities) and emphasis on employment training. As a result, the Budget proposes to allocate all Proposition 39, the California Clean Energy Jobs Act, funding to schools and community colleges (see the K Thru 12 Education Chapter for further details on Proposition 39). Community colleges can use the funds to expand career technical educational training and on-the-job work experience training in partnership with the California Conservation Corps and participating community conservation corps programs.
- Deferrals—At the beginning of 2011-12, the state had accumulated \$961 million of deferral debt owed to community colleges. The state successfully reduced the deferral balance to \$801 million in 2012-13 and the Budget will reduce that balance

to \$622 million through an increase of \$179 million Proposition 98 General Fund in 2013-14. This funding is consistent with, and proportional to, the payment of deferred funding in K-12 education. The increase will reduce the substantial borrowing costs borne by the community colleges as a result of funding deferrals. Every dollar that colleges must now spend on borrowing is a dollar taken out of the classroom.

- **Apportionments**—An increase of \$196.9 million Proposition 98 General Fund to base apportionments. This represents a 3.6-percent increase to general purpose community college funding.
- **Property Tax Adjustment**—An increase of \$133.2 million Proposition 98 General Fund in 2013-14 to reflect reduced property tax estimates. Current law intends that property taxes offset Proposition 98 General Fund costs for community college apportionments. Because property taxes are estimated to decline, General Fund costs are increased by a like amount. Additionally, the Budget includes an increase of \$47.8 million Proposition 98 General Fund for 2012-13 to offset lower-than-anticipated property tax revenues from the elimination of redevelopment agencies.
- **Student Fee Adjustment**—A decrease of \$12.6 million Proposition 98 General Fund to reflect revised estimates of student fee revenue, primarily resulting from lower-than-anticipated Board of Governors' fee waivers. Similar to property taxes, student fees are intended to offset the costs of apportionments.

HASTINGS COLLEGE OF THE LAW

Affiliated with the University of California, the Hastings College of the Law is the oldest and one of the largest public law schools in the West, providing instruction annually to approximately 1,100 students.

Significant Adjustments:

- **General Fund Increase**—An ongoing increase of \$392,000 General Fund for core instructional costs. This funding will mitigate the need for Hastings to increase student tuition and fees and can be used by the college to meet its most pressing needs.
- **Debt Service Costs**—Currently, the state separately funds general obligation debt service for Hastings. The Budget proposes to shift these appropriations into

Hastings' budget, which will require the college to factor these costs into its overall fiscal outlook and decision-making process.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers state financial aid to students attending all institutions of public and private postsecondary education through a variety of programs including the Cal Grant High School and Community College Transfer Entitlement programs, the Competitive Cal Grant program, and the Assumption Program of Loans for Education. Over 99,000 students received new Cal Grant awards, and over 150,000 students received renewal awards in 2011-12. These programs are a key way in which the state supports the public higher education infrastructure and does so to make college more affordable to the state's lower-income students.

Prior to 2001, the program offered a capped number of awards to students and award amounts were specified in the Budget. The program is now an entitlement and has been one of the fastest growing programs in the Budget. Costs for the program have increased dramatically due to an increased number of students participating in the program and UC and CSU tuition and fee increases in recent years. Over an eight-year period, participation in the program and costs have increased by 79,000 students and \$915 million, from 177,000 students and \$688 million in 2004-05 to an estimated 288,000 students and \$1.7 billion in 2013-14. Absent tuition and fee increases at UC and CSU, the rate of growth in the program is expected to slow somewhat in future years.

The Cal Grant program is one of the most generous entitlement financial aid programs in the country. Only New York, Pennsylvania, Illinois, and Texas have need-based student financial aid programs comparable in size to California.

Significant Adjustments:

- **Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements**—A decrease of \$139.2 million General Fund in 2013-14 to reflect increased TANF funds available through an interagency agreement with the Department of Social Services. This adjustment will bring the total TANF funds expended on the Cal Grant program to \$942.9 million in 2013-14.
- **Cal Grant Program Growth**—An increase of \$61 million General Fund in 2012-13 and \$161.1 million General Fund in 2013-14 to reflect increased participation in the

Cal Grant program. Of the 2013-14 amount, \$19.5 million is attributable to the first year of implementation of the California Dream Act.

- Offset of Cal Grant Program Costs with Student Loan Operating Fund—An increase of \$60 million Student Loan Operating Fund and an offsetting decrease of \$60 million General Fund to support Cal Grant program costs.

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HEALTH CARE REFORM

BACKGROUND

Enacted on March 23, 2010, the Affordable Care Act (ACA) increases access to private and public health care coverage through various programmatic, regulatory, and tax incentive mechanisms. Effective January 1, 2014, the ACA requires that health plans and insurers cover individuals regardless of their health status, cover a minimum set of services known as the Essential Health Benefits, and that generally all individuals obtain health care coverage or pay a penalty.

To expand coverage, the ACA provides for: (1) the health insurance exchange, a new marketplace in which individuals who do not have access to public coverage or affordable employer coverage can purchase insurance and access federal tax credits, and (2) two expansions of Medicaid—a mandatory expansion by simplifying rules affecting eligibility, enrollment, and retention; and an optional expansion to adults with incomes up to 138 percent of the federal poverty level (FPL).

Medi-Cal (California's Medicaid program) provides comprehensive health care services at no or low cost to approximately eight million low-income individuals including families with children, seniors, persons with disabilities, children in foster care, and pregnant women. The Medi-Cal caseload represents 21.7 percent of the state's total population. Eligibility for Medi-Cal varies depending on the coverage group, but most adults with incomes at or below 100 percent FPL are covered. Single, childless adults currently are not eligible for Medi-Cal unless they are disabled or aged. Today, many of

these adults not eligible for Medi-Cal receive services through county indigent health services programs.

Total spending from all sources on Medi-Cal is approximately \$60 billion, about 27 percent of California's spending. The federal medical assistance percentage (FMAP) is the level of federal financial participation in the Medicaid program and varies by state. California's FMAP is 50 percent, below the national average of 57 percent. Despite the federal government funding only 50 percent of Medi-Cal costs, California covers a relatively greater share of its population through Medi-Cal than other large states or the national average.

The Medi-Cal program cost per case is lower than the national average. Total Medi-Cal costs have grown rapidly, generally between 7 and 11 percent annually during the last decade, due to a combination of health care inflation and caseload growth. Because costs are a function of the number of enrolled individuals, the level of benefits provided, and the rates paid to providers, efforts to control program costs have focused in these areas. While some cost control measures have been allowed, adverse court rulings have prevented the state from fully implementing various provider payment reductions or from providing services only to beneficiaries with the greatest need.

Under the ACA, the federal government promises to initially pay for 100 percent of the costs for newly eligible individuals with funding gradually decreasing to 90 percent by 2020. Other costs will be shared 50-50. California is awaiting guidance on the methodology for claiming federal funding for the expansion. This guidance is a critical factor in determining current and future General Fund obligations.

PRIVATE INSURANCE MARKET REFORMS TO INCREASE ACCESS

Under the ACA, health plans and insurers offering products in the individual and small group markets cannot deny coverage for reasons like health status. This is known as "guaranteed issue". Individuals, with some exceptions, are required to obtain health care coverage—referred to as the "individual mandate". Health plans and insurers also cannot charge higher premiums based on health status or gender.

Health plans and insurers will be required to offer products in the individual and small group markets that provide coverage for ten Essential Health Benefits, similar to those of a typical employer plan. There will be multiple mechanisms to balance risk and protect plans against sick people being concentrated in particular plans (risk adjustment and reinsurance programs). Plans and insurers will be required to continue to spend a

majority of their resources on health care (known as the “medical loss ratio”); standardize coverage to facilitate comparisons of insurance products; standardize rating regions throughout the state; and narrow the range of premiums charged at different ages.

California has already adopted several private insurance market reforms contained in the ACA, including establishing Essential Health Benefits, allowing children up to age 26 to remain on their parents’ insurance coverage, instituting guaranteed issue for children with pre-existing conditions, implementing rate review, and imposing medical loss ratio requirements on plans and insurers.

While every effort will be made to promote affordability, large rate increases in the individual insurance market are likely at the outset, due to the requirement to offer coverage to all individuals, provide a higher level of benefits, and due to a significant increase in enrollment which will increase demand for services.

CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)

Covered California is a new insurance marketplace that will offer an opportunity to purchase affordable health insurance using federally funded tax subsidies for millions of Californians with incomes up to 400 percent FPL. The open enrollment period will begin October 1, 2013 and coverage begins January 1, 2014. Covered California has many program elements focused on ensuring its premiums are as affordable as possible.

Under the ACA, there will be low-income individuals who will transition back and forth between Medi-Cal and private insurance. To allow these individuals to remain with the same insurance plan and provider network, and to maximize the opportunity for affordable coverage, the Administration, in partnership with Covered California, is proposing to establish a Medicaid Bridge Program. Covered California will negotiate contracts with Medi-Cal Managed Care Plans that have robust local safety net provider networks to offer a plan option with a very low or zero premium for those earning between 138 percent and 200 percent FPL.

MANDATORY MEDICAID EXPANSION

The ACA requires a Medicaid expansion to currently eligible populations through eligibility and enrollment simplifications. Currently, Medicaid eligibility is based on several factors, including linkage to a specific coverage group, income eligibility (including allowable deductions), assets, residency status, and citizenship status. Major changes include the following:

- Establishing a new standard for determining income eligibility, based on Modified Adjusted Gross Income (MAGI), consistent with the standard used to determine eligibility for premium tax credits.
- Eliminating the asset test for individuals whose eligibility determination is based on MAGI.
- Conducting an “ex parte” review when making a redetermination of eligibility. Redeterminations must be made based on available information with a primary reliance on electronic data. The number of individuals who currently lose eligibility at the time of renewal is estimated to be in the range of 20 percent to 35 percent. While many of these individuals re-enroll in the program, under these changes, they would remain in the program for a longer period of time.

Due to a number of factors, including the requirement that most individuals obtain coverage, enrollment and eligibility simplifications, and marketing and outreach activities, Medi-Cal enrollment will increase.

The Budget includes \$350 million General Fund as a placeholder for the costs of the mandatory expansion until a more refined estimate can be developed. Given the outstanding federal guidance, the sheer number of changes, and the interactions between the various policies, developing a more refined estimate will take additional time. As a point of comparison, the state has experienced a significant increase in General Fund costs related to similar eligibility and enrollment simplifications, such as de-linking Medi-Cal eligibility from CalWORKs, allowing individuals who work more than 100 hours to qualify for Medi-Cal services, and eliminating reporting requirements.

MEDI-CAL “BRIDGE TO REFORM” WAIVER

The state initiated an early “Bridge to Reform” Medi-Cal expansion by enacting the Low Income Health Program (LIHP) under a federal waiver in 2010. The waiver permits counties to provide a Medicaid-like expansion to individuals with incomes up to 138 percent FPL through 2013. The purpose of the LIHP is to expand health care coverage to low-income adults prior to the effective date of the ACA. The LIHP is a voluntary, county-run program that is financed with 50 percent county and 50 percent federal funds. Currently, 17 LIHPs are operational and provide coverage to approximately 500,000 individuals in 51 counties. Of the remaining counties, four intend to start programs. Three have opted to not run LIHPs—Fresno, Merced, and San Luis Obispo. This early expansion has resulted in substantial savings for

participating counties by providing new federal funding for costs that were previously borne exclusively by counties.

The LIHPs structure and administer their programs differently—through a consortium of counties or through county health departments. The LIHP expansion contained waivers of several Medicaid requirements, allowing enrollment caps, limited networks mainly based on county-operated providers, and other requirements to limit county obligations.

IMPLEMENTING THE OPTIONAL EXPANSION

California has been and will continue to be a leader in the implementation of federal health care reform, building on the early establishment of the Exchange and the early expansion to adults through the Bridge to Reform waiver. As described below, the Budget outlines two alternatives to the optional expansion—a state-based approach or a county-based approach. Each approach has its own set of strengths, challenges, risks, and benefits. Expansion of health care under either approach will have a substantive effect on both state and county finances for the foreseeable future.

Increased coverage will generate substantial savings for the counties which pay for care for adults who are not currently eligible for Medi-Cal through their local indigent health care services programs. Counties currently meet this responsibility by operating facilities—hospitals and clinics—and/or by contracting with private providers. The state provides funding from the 1991 health realignment to partially fund these costs. To receive these funds, counties also have a required maintenance of effort to spend their own county funding. Currently, counties are spending between \$3 billion and \$4 billion annually on health care costs, though spending varies significantly by county. Counties that own and operate hospitals also use local funds to fund the non-federal share of the Medi-Cal program for inpatient Medi-Cal services provided in their facilities.

Implementing federal health care reform will require an assessment of how much funding currently spent by counties should be redirected to pay for the shift in health care costs to the state. The state will also need to consider how these changes would impact remaining county obligations to provide care to those individuals who remain uninsured, as well as public health programs. As such, the implementation of health care reform will require a broader discussion about the future of the state-county relationship with the goal to strengthen local flexibility, fairly allocate risk, and clearly delineate the respective responsibilities of the state and the counties.

STATE-BASED EXPANSION

A state-based Medicaid expansion would build upon the existing state-administered Medicaid program and managed care delivery system. The state would offer a standardized, statewide benefit package comparable to that available today in Medi-Cal, but would exclude long-term care coverage.

This option would require a discussion with the counties around the appropriate state and local relationship in the funding and delivery of health care, and what additional programs the counties should be responsible for if the state assumes the majority of health care costs. To finance the expansion, the state would need to capture county savings and continue to use those funds to pay for health care coverage for this previously medically indigent population. The counties would assume programmatic and fiscal responsibility for various human services programs, including subsidized child care.

COUNTY-BASED EXPANSION

A county-based expansion of Medicaid would build upon the existing Low Income Health Program. Counties would maintain their current responsibilities for indigent health care services. Under this option, counties would meet statewide eligibility requirements, and a statewide minimum in health benefits consistent with benefits offered through Covered California. Counties could offer additional benefits, except for long-term care.

Under a county-operated Medicaid expansion, the counties would act as the fiscal and operational entity responsible for the expansion. Counties would build upon their existing LIHP and/or county indigent health care services programs as the basis for operating the Medicaid expansion.

The key operational and fiscal responsibilities of the counties in designing and running such a Medicaid expansion would include developing provider networks, setting rates, and processing claims. As was the case when implementing LIHP, implementation of this option would require approval of waivers of specified federal requirements.

OUTSTANDING ISSUES

There are several key aspects of ACA implementation for which federal guidance has not yet been issued. The most significant is the methodology for claiming enhanced federal funding. Guidance is also required with respect to the scope of benefits that

will be required for individuals covered under the optional expansion. In addition, while Medicaid was exempted from the federal Budget Control Act sequester, it is possible that federal funding for Medicaid could be affected by comprehensive budget deficit reduction in the future.

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HEALTH AND HUMAN SERVICES

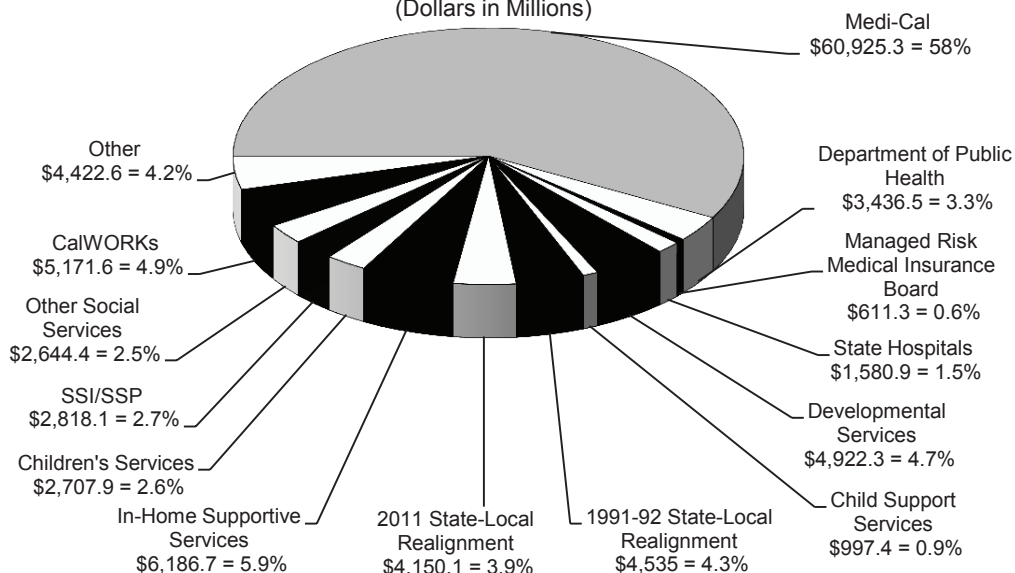
The Health and Human Services Agency oversees departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California's vulnerable and at-risk residents. The Budget includes \$105.1 billion (\$28.4 billion General Fund and \$76.7 billion other funds) for these programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

Information on California's implementation of the Affordable Care Act is included in the Health Care Reform Chapter.

AGENCY REORGANIZATION

The Budget transfers all substance use disorder programs from the Department of Alcohol and Drug Programs (DADP) to the Department of Health Care Services (DHCS) to better coordinate the licensing, certification, and program management of substance use disorders services statewide. Among other benefits, this reorganization maintains programmatic expertise, enhances oversight, and promotes opportunities for health care delivery improvement. DADP's Office of Problem Gambling will be transferred to the Department of Public Health. The Budget also transfers mental health licensing and quality improvement functions from the Department of Social Services to DHCS to further consolidate and streamline licensing and certification functions for these programs within a single department.

Figure HHS-01
Health and Human Services Proposed 2013-14 Funding^{1/}
All Funds
 (Dollars in Millions)



^{1/} Totals \$105,110.1 million for support, local assistance, and capital outlay. This figure includes reimbursements of \$9,898.4 million and excludes \$5.6 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by DHCS. Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, children in foster care, and pregnant women. The federal government mandates basic services including physician services, family nurse practitioner services, nursing facility services, hospital inpatient and outpatient services, laboratory and radiology services, family planning, and early and periodic screening, diagnosis, and treatment services for children. In addition to these mandatory services, the state provides optional benefits such as outpatient drugs, home and community-based services, and medical equipment. DHCS also operates the California Children's Services program, the Primary and Rural Health program, and oversees county operated community mental health programs.

Since 2006-07, total Medi-Cal benefit costs grew 10.6 percent annually (approximately \$3.8 billion per year) to \$55.9 billion in 2012-13 because of a combination of health care

Figure HHS-02
Major Health and Human Services Program Caseloads

	2012-13 Revised	2013-14 Estimate	Change
Medi-Cal enrollees	8,195,000	8,678,300	483,300
Healthy Families Program ^a	200,464	4,002	-196,462
California Children's Services (CCS) ^b	35,801	19,643	-16,158
CalWORKs	563,505	572,133	8,628
Non cash-assistance CalFresh households	1,603,911	1,829,310	225,399
SSI/SSP (support for aged, blind, and disabled)	1,291,022	1,308,026	17,004
Child Welfare Services ^c	138,590	136,973	-1,617
Foster Care	43,522	40,030	-3,492
Adoption Assistance	85,580	86,494	914
In-Home Supportive Services	422,945	418,890	-4,055
Services for persons with developmental disabilities			
Regional Centers	256,872	266,100	9,228
Developmental Centers ^d	1,552	1,304	-248
State Hospitals			
Mental health patients ^e	6,521	6,560	39
Alcohol and Drug Programs ^f	247,987	257,678	9,691
Vocational Rehabilitation	28,318	28,318	0

^a Current year represents the year-end population. Budget year represents the remaining average monthly caseload not included in Medi-Cal.

^b Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

^c Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas on a monthly basis. Due to transfers between each service area, cases may be reflected in more than one services area.

^d Represents average in-center population.

^e Represents the year-end population. Includes population at Vacaville and Salinas Valley Psychiatric Programs, and the California Health Care Facility - Stockton.

^f Represents Drug Medi-Cal Clients.

cost inflation, rate increases, and caseload growth. Medi-Cal General Fund spending is projected to increase 3.9 percent from \$15 billion General Fund in 2012-13 to \$15.6 billion General Fund in 2013-14 because of enacted and proposed program changes. Absent these changes, costs would grow by 8.3 percent to \$16.3 billion General Fund. Growth in Medi-Cal General Fund expenditures has been reduced through cost shifting to other funding sources, including the Gross Premium Tax (first authorized in 2009-10), Hospital Quality Assurance Fee (first authorized in 2011-12), and Medicaid waivers that allow claiming of federal funds for state-only health care costs.

The Budget assumes caseload will increase approximately 5.9 percent from 2012-13 to 2013-14 (from 8.2 million to 8.7 million), largely because of the shift of children from Healthy Families to Medi-Cal. Caseload would increase by 1.2 percent absent

the shift. Base caseload growth is slightly higher than the 1-percent growth rate of the total California population over the same period. The Medi-Cal caseload represents approximately 21.7 percent of the state's total population. The implementation of federal health care reform will further increase Medi-Cal program caseload.

The Federal Medical Assistance Percentage (FMAP) determines the level of federal financial support for the Medi-Cal program. With the exception of temporary increases, California has had a federal medical assistance percentage of 50 percent (the minimum percentage authorized under federal law) since the inception of the Medicaid program in 1965. California's percentage is lower than the national average and is lower than those of neighboring states. Oregon, Nevada, and Arizona currently have percentages of 62 percent, 60 percent, and 66 percent, respectively. The state's percentage is also substantially lower than Mississippi's 73 percent federal medical assistance percentage, currently the highest in the country.

The Medi-Cal program cost per case is lower than the national average. California's cost per case of \$4,539 in 2012-13 is substantially lower than other low FMAP states, such as Massachusetts (\$7,579) and New York (\$8,960), according to data from federal fiscal year 2009.

California is relatively generous in its eligibility rules compared with other states. Parents are typically eligible for full scope benefits at 100 percent of the federal poverty level (FPL) which is 15th highest in the nation, 185 percent of FPL for pregnant women which is 8th highest in the nation, and 100 percent of FPL for non-working disabled beneficiaries, which is 7th highest in the nation.

Significant program developments have affected both costs and caseload in recent years including:

- Expansion of Medi-Cal Managed Care into counties formerly operating under the fee-for-service model, including the expansion of managed care into rural counties.
- Shifting Children from Healthy Families to Medi-Cal. Approximately 860,000 children began transitioning to the Medi-Cal program January 1, 2013. The state will continue to utilize the Children's Health Insurance Program federal match of 65 percent for the Healthy Families caseload within the Medi-Cal program.
- Expansion of Medi-Cal Managed Care to seniors and persons with disabilities formerly covered under the fee-for-service model. Approximately 380,000 beneficiaries have transitioned.

- Provider rate reductions enacted through Chapter 3, Statutes of 2011 (AB 97). These reductions will result in General Fund savings of \$488.4 million in 2013-14.
- The Coordinated Care Initiative (CCI) was authorized by Chapter 33, Statutes of 2012 (SB 1008) and Chapter 45, Statutes of 2012 (SB 1036). CCI will better coordinate the care of 560,000 Medi-Cal and Medicare dual eligible beneficiaries from fee-for-service to managed care beginning in 2013-14. Please see below for additional information on the CCI.

Significant Adjustments:

- Hospital Quality Assurance Fee Extension—A savings of \$310 million General Fund in 2013-14 as a result of extending the hospital fee, which will sunset on December 31, 2013. The fee provides funds for supplemental payments to hospitals and also provides some funding to offset the costs of health care coverage for children.
- Gross Premiums Tax—The Budget proposes to reauthorize the Gross Premiums Tax on Medi-Cal managed care plans permanently. Continuing the tax will generate General Fund savings of \$85.9 million in 2012-13 (included in the Managed Risk Medical Insurance Board budget) and \$217.3 million in 2013-14.
- Managed Care Efficiencies—A decrease of \$135 million General Fund in 2013-14 as a result of implementing additional efficiencies in managed care. DHCS is looking for new ways to improve the quality and efficiency of the health care delivery system and develop payment systems that promote quality, not quantity, of care and improve health outcomes.
- Annual Open Enrollment—A decrease of \$1 million General Fund in 2013-14 and ongoing as a result of having beneficiaries select their Medi-Cal health plan each year and receive care through that health plan for the entire year. This open enrollment process will align Medi-Cal with the industry best practice of other third-party health benefit payers.
- Coordinated Care Initiative—Under the CCI, persons eligible for both Medicare and Medi-Cal (dual eligibles) will receive medical, behavioral health, long-term supports and services, and home and community-based services coordinated through a single health plan. The CCI will also enroll all dual eligibles in managed care plans for their Medi-Cal benefits. Dual eligibles will enroll in the CCI in specified counties participating in the demonstration.

The following changes have occurred to the structure of the CCI since enactment of the 2012 Budget Act:

- The Budget has been revised to reflect the size and scope of the demonstration as enacted. The Budget reflects the population participating in the demonstration and accounts for individuals excluded from the program by statute including beneficiaries enrolled in the Developmentally Disabled waiver, beneficiaries enrolled in a Kaiser Plan, and beneficiaries with other health coverage.
- The Budget changes the scheduled phasing for beneficiaries enrolling in the CCI. Beneficiaries in participating counties will enroll for their Medi-Cal benefits beginning in September 2013. Los Angeles County will phase-in beneficiaries over 18 months. San Mateo County will enroll all beneficiaries at once. Orange, San Diego, San Bernardino, Riverside, Alameda, and Santa Clara counties will phase-in over 12 months. The 2012 Budget Act assumed beneficiaries in all counties would phase into the CCI over a 12-month period beginning in March 2013.
- The Budget projects revised General Fund savings for the CCI of \$170.7 million in 2013-14. Savings are projected to grow to \$523.3 million General Fund annually. DHCS is working to reach agreement with the federal government on a shared savings methodology to achieve the budgeted savings. Statutory changes will be needed to reflect the aforementioned changes and the agreement with the federal government.

MANAGED RISK MEDICAL INSURANCE BOARD

The Managed Risk Medical Insurance Board (MRMIB) currently administers five programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to eligible individuals who do not have health insurance. Two of those programs will continue to be administered by MRMIB: the Access for Infants and Mothers Program, which provides comprehensive health care to pregnant women, and the County Health Initiative Matching Fund Program, which provides comprehensive health benefits through county-sponsored insurance programs.

Of the three remaining programs, the Healthy Families Program (HFP), which provides comprehensive health benefits to children, began transitioning beneficiaries to Medi-Cal on January 1, 2013. The Managed Risk Medical Insurance Program and the Pre-Existing Condition Insurance Program, health coverage programs for individuals with pre-existing

conditions, will phase-out with the implementation of the federal Affordable Care Act in 2014.

The Budget includes \$611.3 million (\$21.7 million General Fund) for MRMIB, a decrease of \$143.9 million General Fund from the Budget Act of 2012. This significant decrease is primarily due to the transition of HFP beneficiaries to Medi-Cal.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health (DPH) is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions. Funding for 2012-13 is \$3.5 billion (\$130.6 million General Fund), and proposed funding for 2013-14 is \$3.4 billion (\$114.5 million General Fund).

Significant Adjustments:

- **Zero-Base Budget Review**—Executive Order B-13-11 directs the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. Pursuant to this Executive Order, DPH has begun the process of implementing zero-base budgeting for its contracting activities, the Baby BIG program, and the Women, Infants and Children program. Initial findings from these efforts will be provided in the spring of 2013. This represents the first phase of implementing zero-base budgeting throughout the Department.
- **AIDS Drug Assistance Program (ADAP)**—The ADAP provides uninsured and under-insured people living with HIV and AIDS access to medication. Californians over 18 years of age whose income does not exceed \$50,000 annually are eligible for the program. In January 2012, the program began screening and transitioning eligible ADAP clients to county Low-Income Health Programs (LIHPs). Caseload is projected to decrease by 8 percent and expenditures by \$61.9 million compared to fiscal year 2011-12 primarily due to the transition of clients to county LIHPs. The program reflects a net decrease of \$12.7 million in 2013-14 (\$16.9 million General Fund decrease and \$4.2 million other fund increase) to reflect updated caseload estimates.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides consumers with developmental disabilities a variety of services and supports that allow them to live and work independently, or in supported environments. Recent changes in the delivery of services and eligibility for additional federal funds have reduced the growth in regional center General Fund costs. These costs had been increasing significantly as consumers moved from developmental centers into the community, utilization of services increased, and more consumers were diagnosed with autism spectrum disorders.

California is the only state providing developmental services as an entitlement. DDS serves approximately 260,000 individuals with developmental disabilities in the community and 1,550 individuals in state-operated facilities. The Budget includes \$4.9 billion (\$2.8 billion General Fund) for support of the Department. Services are provided through developmental centers, one community facility, and the regional center system.

In December 2012, federal decertification and state license revocation actions were initiated for the Intermediate Care Facility (ICF) at the Sonoma Developmental Center (SDC), which provides services for approximately 290 individuals. The Nursing Facility and General Acute Care services at SDC were not impacted by these actions. DDS has filed appeals and will work with DPH and the federal Centers for Medicare and Medicaid Services to quickly resolve licensing issues and minimize any loss of federal funds. The ICF will continue to operate during the appeal process. No adjustment for the potential loss of federal funding has been included in the Budget pending the outcome of the appeal.

Significant Adjustments:

- Regional Center Caseload Adjustment—An increase of \$36.1 million (a decrease of \$3 million General Fund) in 2012-13 and an increase of \$177.5 million (\$89.2 million General Fund) in 2013-14 to reflect increases in caseload and utilization of services.
- Sunset Operations and Provider Payment Reduction—An increase of \$46.7 million (\$32 million General Fund) in 2013-14 to reflect the sunset of the 1.25-percent regional center operations and provider payment reduction.
- Proposition 10 Funding—An increase of \$40 million General Fund to backfill the one-time support provided by the First 5 California Children and Families Commission for programs serving children birth through five in the 2012 Budget Act.

- **Annual Family Program Fee**—The Budget permanently continues the Annual Family Program Fee, scheduled to sunset June 30, 2013, which assesses a fee of \$150 or \$200 per family. The fee is based on family size and additional criteria and assessed to families whose adjusted gross family income is at, or above, 400 percent of the federal poverty level. This fee offsets developmental services General Fund costs by \$7.2 million.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) was established in July 2012 to administer the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed and voluntary patients. DSH continues to evaluate operations to improve treatment, safety and security of staff and patients, and fiscal accountability and transparency. The Budget includes \$1.6 billion (\$1.5 billion General Fund) in 2013-14 for support of DSH. The patient population is projected to reach a total of 6,560 in 2013-14.

Significant Adjustments:

- **Stockton Activation and Bed Migration**—An increase of \$100.9 million General Fund in 2013-14 to activate 514 beds at the California Health Care Facility (CHCF). This includes \$67.5 million General Fund for additional staff to complete the activation of CHCF and \$33.4 million General Fund for the full year costs of positions approved in the Budget Act of 2012. The Budget does not include an adjustment for the transfer of inmate-patients from existing Psychiatric Programs at Salinas Valley State Prison and the California Medical Facility at Vacaville to the CHCF. DSH will continue to evaluate inmate-patients for transfer to the CHCF and develop a transition plan to reduce the number of DSH-operated beds at Salinas and Vacaville.
- **Safety and Security**—Upon the successful implementation of the personal duress alarm system (PDAS) upgrade at Napa State Hospital in November 2012, the PDAS project schedule was updated for Metropolitan and Patton State Hospitals. The revised schedule resulted in a reduction of \$5.6 million General Fund in 2013-14. The Budget maintains funding to continue the PDAS upgrade at Atascadero and Coalinga State Hospitals.
- **Emerging Population Trends**—The Budget includes \$20.1 million Reimbursements for the estimated increase in civil commitments. No adjustment is included in the

Budget for pending commitments. DSH maintains wait lists of patients awaiting admission to its five hospitals and two psychiatric programs. Since June 30, 2012, the DSH has seen a steady increase in its wait list numbers for Incompetent to Stand Trial and Mentally Disordered Offender commitments. DSH will continue to monitor the pending commitments and, if necessary, develop options to address these wait lists.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

The Budget includes \$19.5 billion (\$7.6 billion General Fund) for DSS, an increase of \$577.4 million General Fund from the revised 2012-13 budget, and an increase of \$623.9 million General Fund from the Budget Act of 2012.

State funds for Foster Care, the Adoption Assistance Program, Child Welfare Services, Child Abuse Prevention, and Agency Adoptions were realigned to counties as part of 2011 Realignment. Funding for those programs can be found in the 2011 Realignment Estimate display in Item 5196 in the Governor's Budget.

The Budget includes \$1 million (\$482,000 General Fund) and 9 positions in 2013-14 for DSS to support and oversee the Child Welfare System-New System project through the procurement phase. This approach is consistent with the Child Welfare Services Automation Study released in April 2012.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total CalWORKs expenditures of \$7.1 billion (state, local, and federal funds) are proposed for 2013-14, including TANF Block Grant and maintenance-of-effort countable expenditures. The amount budgeted includes \$5.4 billion for CalWORKs

program expenditures and \$1.7 billion in other programs. Other programs primarily include expenditures for Cal Grants, Department of Education child care, Child Welfare Services, Foster Care, DDS programs, the Statewide Automated Welfare System, California Community Colleges child care and education services, and the Department of Child Support Services.

Average monthly CalWORKs caseload is estimated to be 572,000 families in 2013-14, a 0.7-percent increase over the 2012 Budget Act projection.

Background

In 1994-95, California's welfare caseload reached its highest point with 921,000 families receiving aid. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally reformed the nation's welfare system and created a block grant program with work requirements and lifetime time limits. Consistent with this federal welfare reform law, CalWORKs contains time limits on the receipt of aid and linked eligibility for aided adults to work participation requirements. California is also one of only nine states that included a safety net program to provide monthly assistance payments to children whose parents are not eligible for aid. In 2005, federal welfare reform was modified to further restrict countable work activities and to require states to have 50 percent of the program's caseload meeting federal work participation levels.

In the early years of CalWORKs, the program was successful in getting many of the most readily employable parents to enter the labor market, with caseload reaching an all-time low of 460,000 in cases in 2006-07. Since then, and coinciding with the severe economic downturn, the program experienced significant growth, increasing to nearly 586,000 cases in 2010-11. Over this same period, budgetary constraints required expenditure reductions. Major reductions to the program in recent years have consisted of the following:

- Funding for work support services—From 2009-10 through 2011-12, annual funding for welfare-to-work and child care services was reduced by over \$375 million. To allow counties to absorb this substantial reduction, additional exemptions from work participation requirements were authorized for families with very young children.
- Time limits—Since the program's inception, work-eligible adults were generally limited to 60 months of eligibility for cash assistance. Effective July 2011, eligibility for adult recipients is limited to 48 months.

- Monthly grant levels—Maximum Aid Payment (MAP) levels were reduced by 4 percent in July 2009, followed by an additional 8 percent reduction in July 2011. For a family of three living in a high-cost county, this equates to an \$85 per month reduction in cash assistance from 2008 MAP levels. Current grant levels are only slightly above 1987-88 levels. Compared to other states, California's grant levels are eighth highest in the nation and second highest among the ten largest states.
- Income disregard—Beginning in July 2011, the amount of monthly earnings disregarded for purposes of determining a family's grant level was reduced from disregarding the first \$225 of income and 50 percent of the remainder to \$112 and 50 percent.

During unprecedented levels of unemployment and resulting caseload growth, resources for CalWORKs families were reduced and the work focus of the program was substantially eroded. Additionally, the TANF program modifications enacted by Congress in 2005 exposed the state to potentially significant fiscal penalties due to the low work participation levels. Continuing the program under the existing structure severely undermined the program's primary goal—helping families achieve self-sufficiency.

Redesigning CalWORKs

To refocus CalWORKs on the primary goal of moving families to self-sufficiency, major programmatic changes were enacted in 2012. Chapter 47, Statutes of 2012 (SB 1041) restores the program's focus on work through the following changes:

- Creates a prospective 24-month time limit on cash assistance and employment services for adults. After two years, adults must meet federal work participation requirements to remain eligible for cash aid for up to 24 additional months.
- Provides counties some flexibility by allowing up to 20 percent of the adults to extend their time beyond 24 months to complete their educational goals or find a job.
- Provides up to two years for clients to transition to the new program and be provided the skills necessary to find employment as the economy continues to recover.
- Restores the earned income disregard to the pre-July 2011 level effective October 1, 2013, which increases the incentive to find and maintain employment by allowing families to keep more of their income without a reduction in their monthly grant.

Because SB 1041 requires significant changes to CalWORKs, stakeholder involvement and input are critical components for ensuring the redesigned program leads to

better outcomes for families. As such, DSS convened a stakeholder workgroup shortly after SB 1041 was signed into law to develop protocols for implementation. The workgroup includes representatives of advocacy groups, counties, the Legislature, and the Administration.

Significant Adjustment:

- **CalWORKs Employment Services**—An increase of \$142.8 million General Fund in 2013-14 to support the CalWORKs refocusing measures enacted by SB 1041. The additional resources are necessary to maximize successful outcomes under the new program structure. Counties will need to enhance and expand their array of employment services and job development activities for program participants, and intensify case management efforts for individuals not currently participating in activities that will eventually lead to self-sufficiency.

Other highlights:

- **Child Care**—CalWORKs subsidized child care is provided in three stages. County welfare departments administer CalWORKs Stage One child care while the Department of Education administers Stages Two and Three. The three-stage structure was created to ensure recipients of aid are able to participate in work activities, and continue to participate as they transition off cash aid. Additionally, the Department of Education administers all other subsidized child care programs to support low-income families so they may remain gainfully employed. The current subsidized child care system is fragmented by design. The various programs operate under different rules and administrative structures that suggest potential efficiencies can be gained through a closer examination of the current system. DSS will convene a stakeholder group to assess the current child care structure and opportunities for streamlining and other improvements.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The federal Supplemental Security Income (SSI) program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with a State Supplementary Payment (SSP) grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration (SSA) administers the SSI/SSP program, making eligibility determinations, grant computations, and issuing combined monthly checks to recipients. The state-only Cash Assistance Program for

Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due solely to their immigration status.

Effective January 2012, maximum SSI/SSP grant levels are \$854 per month for individuals and \$1,444 per month for couples. SSA applies an annual cost-of-living adjustment to the SSI portion of the grant equivalent to the year-over-year increase in the Consumer Price Index (CPI). The current projected CPI growth factors are 1.7 percent for 2013 and 1.1 percent for 2014. Maximum SSI/SSP monthly grant levels would increase by \$20 and \$30 for individuals and couples, respectively. CAPI benefits are equivalent to SSI/SSP benefits, less \$10 per month for individuals and \$20 per month for couples.

The Budget includes \$2.8 billion General Fund for the SSI/SSP program in 2013-14. This represents a 1.9-percent increase from the revised 2012-13 budget. The caseload in this program is estimated to be 1.3 million recipients in 2013-14, a 1.3-percent increase over the 2012-13 projected level. The SSI/SSP caseload consists of 27 percent aged, 2 percent blind, and 71 percent disabled persons.

IN-HOME SUPPORTIVE SERVICES

The In-Home Supportive Services (IHSS) program provides domestic services such as housework, transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to assist individuals to remain safely in their homes and prevent institutionalization.

The Budget includes \$1.8 billion General Fund for the IHSS program in 2013-14, a 4.9-percent increase over the revised 2012-13 budget and 6.5-percent increase from the 2012 Budget Act. Average monthly caseload in this program is estimated to be 419,000 recipients in 2013-14, a 1-percent decrease from the 2012-13 projected level.

Significant Adjustments:

- An increase of \$92.1 million associated with more restrictive federal requirements to draw down enhanced federal matching funds for the IHSS program under the federal Community First Choice Option. Beginning July 2013, only recipients who meet the standards for nursing home level of care will be eligible for the enhanced federal match.
- An increase of \$59.1 million to reflect restoration of the 3.6-percent across-the-board reduction to recipient hours, which is scheduled to sunset on June 30, 2013.

- An increase of \$47.1 million related to the recently enacted county maintenance-of-effort (MOE) requirement. Effective July 1, 2012, counties' share of the non-federal portion of IHSS costs is based on actual expenditures by counties in fiscal year 2011-12. The counties' MOE requirement will increase by 3.5 percent annually, beginning in 2014-15, except for years in which 1991-92 realignment revenues decrease from the immediate prior year.
- A decrease of \$30.2 million associated with the health care certification requirement enacted in 2011-12.
- A decrease of \$113.2 million to reflect implementation of the 20-percent across-the-board reduction to recipient hours on November 1, 2013. A court injunction prevented the state from implementing this reduction, which was originally required to become effective in January 2012. The Budget assumes successful resolution and implementation in 2013-14. The savings amount identified reflects fully restoring hours for severely impaired recipients, who would otherwise be placed in nursing homes.

The IHSS program is also a key component of the Coordinated Care Initiative (CCI). Beginning in September of 2013, certain Medi-Cal beneficiaries residing in a county authorized to participate in the CCI demonstration will begin transitioning from the traditional fee-for-service model to a managed care model for receiving health care services, including IHSS recipients. Under CCI, the fundamental structure of the IHSS program will remain as it is today, with eligibility determination, assessment of hours, and program administration conducted by county social workers and administrative staff. For additional information on CCI, refer to the Department of Health Care Services section.

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CORRECTIONS AND REHABILITATION

The California Department of Corrections and Rehabilitation (CDCR) incarcerates the most serious and violent felons, supervises them when they are released on parole, and provides rehabilitation programs to help them reintegrate into the community. CDCR provides safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training, as well as health care services.

The Budget proposes total funding of \$9 billion (\$8.7 billion General Fund and \$252 million other funds) for CDCR in 2013-14.

CONTINUED COMMITMENT TO IMPLEMENTATION OF REALIGNMENT

The Budget reflects the continued implementation of 2011 Public Safety Realignment, which, through Chapter 15, Statutes of 2011 (AB 109), created a community-based correctional program where lower-level offenders remain under local jurisdictions. Funding for those programs can be found in the 2011 Realignment Estimate display in Item 5196 of the Governor's Budget. The Administration continues to work collaboratively with counties and other stakeholders to address implementation issues associated with Realignment.

In April 2012, the Administration released its plan for the future of California's prison system (known as the Blueprint) to achieve significant General Fund savings, satisfy

court orders to relieve prison overcrowding, and provide a constitutionally required level of health care to inmates. The Administration continues to implement the Blueprint as approved by the Legislature, which includes key components such as reclassifying inmates based on the updated inmate classification system, improving access to rehabilitative programs, returning inmates housed in out-of-state contract facilities to California, standardizing staffing, and maintaining health care services.

- **Health Care Continues to Improve**—Inmates continue to receive mental health, medical and dental care that is consistent with the standards and scope of services appropriate within a custodial environment. At the request of the court appointed federal Receiver that oversees California’s prison medical care program, the Office of the Inspector General (OIG) evaluates and monitors the progress of medical care delivery to inmates in the institutions. Based on these inspections, the OIG issues a score rating each institution’s compliance with the various components of medical delivery. The OIG has reported significant improvements since it began its inspections in 2008, with the most recent round of monitoring resulting in an average score of 85 percent across the 20 institutions that have gone through the third round of monitoring, up from an average score of 79 percent from the second round of monitoring for all 33 institutions that was completed in December 2011. The federal court stated that it would remove the Receiver and return control to the state once the system is stable and provides for constitutionally adequate medical care. The improvements cited by OIG are an indication that the state is meeting federal court requirements and will assist the state in extricating itself from the class-action lawsuits that govern prison health care.
- **Monitoring Implementation of Plan**—The Blueprint also outlined a plan to improve transparency, and increase program oversight and fiscal accountability. The Department of Finance’s Office of State Audits and Evaluations and the OIG are monitoring CDCR’s implementation of the plan, including an assessment of inmate programs, position control, fiscal management, and overall adherence to the Blueprint. Annual reports will be submitted to the Legislature, with the first report being released in the spring of 2013.

While the adult inmate population continues to decline as a result of Realignment, new admissions are currently trending higher than the 2012 Budget Act projections. The Budget Act projected an adult inmate average daily population of 129,961 in the current year. The current year adult inmate population is projected to exceed Budget Act projections by 2,262 inmates, a 1.7-percent increase, for a total population of 132,223. The budget year adult inmate population is projected to be 128,605, a 2.7-percent

decrease of 3,618 inmates. The current projections also reflect a decrease in the parolee population of 4,052 in 2012-13 compared to Budget Act projections, for a total average daily population of 57,640. The parolee population is projected to be 42,958 in 2013-14, a decrease of 14,682.

THREE-JUDGE PANEL

In November 2006, plaintiffs filed a motion to convene a three-judge panel in the *Plata* lawsuit under the 1996 Prison Litigation Reform Act, claiming that overcrowded conditions in California's prisons resulted in unconstitutional medical care. The second lawsuit joined in the three-judge panel, *Coleman*, involves mental health services for inmates. Both lawsuits claim that care for inmates violates the Eighth Amendment of the U.S. Constitution, which prohibits cruel and unusual punishment of the incarcerated.

In 2007, a three-judge panel was convened to address claims that overcrowding in state prisons results in unconstitutional medical care. In 2009, the panel ordered the state to reduce its adult institution population to 137.5 percent of design capacity within two years, equivalent to a reduction of about 40,000 inmates. The state appealed this decision, but in 2011, the U.S. Supreme Court upheld the panel's finding.

Since 2007, California has taken numerous actions to reduce overcrowding. The most significant ongoing actions are realigning lower-level offenders and parole violators to local jurisdictions, and increasing prison health care bed and treatment capacity. These actions have been effective in reducing the prison population while maintaining public safety, eliminating the use of all non-traditional beds, and allowing CDCR to focus on providing rehabilitation programs to reduce recidivism.

The three-judge panel issued another order in October 2012 requiring the state to develop two plans to reduce the prison population to 137.5 percent of design capacity by June 27, 2013 and December 27, 2013. The plans were submitted to the Court on January 7, 2013, as ordered.

The Administration believes that implementation of the Blueprint will enable the state to deliver health care to inmates at a level that meets or exceeds constitutional standards and ultimately lead to the end of federal court oversight. As noted above, recent OIG reviews indicate that the medical delivery system is improving. In addition, 12 of the 20 institutions that have been inspected by the OIG in the third round of monitoring have population densities higher than 137.5 percent. These 12 institutions received an

average score of 84 percent, and half of them received a score of 85 percent or higher. An institution with a score of 85 percent or higher is designated by the OIG as having high adherence to policies and procedures.

DIVISION OF JUVENILE JUSTICE

The Division of Juvenile Justice's (DJJ) average daily ward population is decreasing when compared to the 2012 Budget Act projections. Specifically, the ward population is projected to decrease by 120 in 2012-13, for a total population of 871 in 2012-13 and 913 in 2013-14. The ward population has decreased significantly in recent years, due primarily to fewer parole violators being housed by DJJ as a result of Chapter 729, Statutes of 2010 (AB 1628), which shifted supervision responsibility for wards released from DJJ to the counties beginning in January 2011.

Pursuant to Chapter 41, Statutes of 2012 (SB 1021), juvenile parole ended on January 1, 2013 and all juveniles remaining on parole as of December 31, 2012 were discharged. Savings resulting from the elimination of juvenile parole will be realized in the Division of Adult Parole Operations, which assumed responsibility for juvenile parolees in 2011-12.

TAX RELIEF AND LOCAL GOVERNMENT

This part of the Budget contains state and federal funds used for tax relief provided to local governments. The main component is the Homeowners' Property Tax Relief Program, which is budgeted at \$425 million in 2013-14. This part of the Budget also includes information related to state mandates and the dissolution of redevelopment agencies.

REDEVELOPMENT AGENCIES

Chapter 5, Statutes of 2011 (ABx1 26) eliminated the state's approximately 400 redevelopment agencies (RDAs). Given the current economic environment, it no longer made sense to continue diverting \$5 billion in local property tax revenue to RDAs. The elimination of RDAs allows local governments to protect core public services by returning property tax money to the cities, counties, special districts, and K-14 schools. This funding can now be used by local governments to fund police, fire, or other critical public services that may have been significantly cut back due to difficult economic conditions. In those areas that contained RDAs, it is estimated that over the current year and budget year, approximately \$1.6 billion will be distributed back to counties, \$1.2 billion will be distributed back to cities, and \$400 million will be distributed back to special districts. This will be a steady source of funding in the future for these entities and will provide significant relief to stretched budgets at the local level.

Each RDA was replaced with a locally organized successor agency that is tasked with retiring the RDA's debts and other legal obligations. Each successor agency was

then provided an oversight board to supervise its work. Chapter 26, Statutes of 2012 (AB 1484) provided additional tools for successor agencies, oversight boards, and the Department of Finance to facilitate the orderly wind down of RDA activities. AB 1484 creates a process to transfer former RDA housing assets to housing successor entities, requires audits of various RDA funds and accounts to identify unencumbered funds that should be remitted to local taxing entities, and requires the completion of a long-range property management plan to facilitate the disposition of RDA properties. Much of this workload is one-time in nature and should be completed no later than the summer of 2013.

Ongoing workload related to the winding down of RDAs involves the generation, submittal, and review of Recognized Obligation Payment Schedules (ROPS). Every six months, successor agencies submit to Finance their ROPS, which delineates their proposed payments for the upcoming payment cycle. Finance reviews each ROPS to determine whether the identified payments are enforceable obligations, as defined by law. Once Finance has completed its review, the successor agencies are provided property tax allocations to pay the approved enforceable obligations. Any property tax revenue remaining after the enforceable obligations are paid is distributed to the affected taxing entities based on their property tax share. The additional property tax revenue received by K-14 schools generally offsets the state's Proposition 98 General Fund costs on a dollar-for-dollar basis.

Accurately estimating the property tax revenue available for the affected taxing entities after the payment of enforceable obligations has been a challenge. This is mainly because comprehensive information concerning the amount of property tax expended by RDAs for purposes that qualify as enforceable obligations was not available prior to the enactment of ABx1 26. Now that three payment cycles worth of information is available, Finance can more accurately estimate the future Proposition 98 General Fund savings stemming from the RDA dissolution process. As such, the Budget includes Proposition 98 General Fund savings totaling \$2.1 billion in 2012-13 and \$1.1 billion in 2013-14. This is revised downward from the 2012 Budget Act estimate of \$3.2 billion in 2012-13 and \$1.6 billion in 2013-14. A portion of the savings generated is one-time and is generated from the distribution of unencumbered funds being held in various RDA funds and accounts.

As each ROPS cycle passes, the obligations of the former RDAs will continue to decline as debts are paid off. As a result, ongoing savings to the state will grow over time. It is estimated that by 2016-17 approximately \$1 billion in ongoing savings could be achieved. Additionally, over the next several years, the workload related to the dissolution of

the former RDAs will become more routine for successor agencies, oversight boards, and Finance. No final payment date related to the RDA dissolution process can be determined at this time, but a point will be reached in the next several years where the only obligations remaining for biannual payment will be debt service.

COMMISSION ON STATE MANDATES

Frequently, statutes are enacted to codify requirements on local government that are best practices. Given constitutional requirements, the effect is often that the state incurs costs to reimburse local governments for activities that were already occurring without state funds. The Commission on State Mandates is the quasi-judicial agency that hears test claims to decide whether local agencies and school districts are entitled to reimbursement for increased costs mandated by such statutes.

Another problem with the mandates process is that determinations about activities eligible for reimbursement and funding levels are not made until years after the activities have been performed and local governments have incurred costs. During this intervening time, the state incurs millions of dollars of costs and local entities face uncertainty about the extent to which they will be reimbursed for undertaking activities mandated at the state level.

State mandates should be minimized and local flexibility should be maximized. Local decision makers should determine whether activities are implemented within their communities. Consistent with the success in utilizing the block grant incentive program to improve the K-12 mandate process, the Administration will be exploring ways to improve the mandate process. In the near term, however, the Administration will pursue a course similar to previous Budget Acts—suspend all mandates except certain ones related to law enforcement and property tax collection.

The Constitution requires the Legislature to either fund or suspend specified mandates in the annual Budget Act. The 2012 Budget Act continued the suspension of numerous mandates. Many of the activities required by these mandates have become common practice and should not be mandated by the state. The 2012 Budget Act also deferred the 2012-13 payment for mandate costs incurred prior to 2004-05 and provided that the payment deferral would be continued through 2014-15. Accordingly, the Budget reflects the previous actions to suspend certain mandates and defer the pre-2004 mandate costs.

TAX RELIEF AND LOCAL GOVERNMENT

Additionally, the Budget proposes to suspend four mandates for a General Fund savings of \$103.8 million in 2013-14. The Commission recently adopted Statewide Cost Estimates for these mandated activities which reflect functions that local entities have inherent reasons to preserve without reimbursement from the General Fund. The Budget also proposes to suspend five mandates recently determined by the Commission on State Mandates to be reimbursable activities. These activities are best practices that local agencies should be providing their citizens as a matter of course. Savings will result from suspending the five mandates, but since the State Controller has yet to collect local agency claims necessary to develop statewide cost estimates, the amount is unknown.

The Budget provides \$48.4 million for mandates that remain in effect.

ENVIRONMENTAL PROTECTION

The California Environmental Protection Agency works to restore, protect, and enhance environmental quality. The agency coordinates state environmental regulatory programs and ensures fair and consistent enforcement of the law.

The Budget proposes total funding of \$2.9 billion (\$42.2 million General Fund and \$2.89 billion other funds) for all programs included in this Agency.

AIR RESOURCES BOARD

The Air Resources Board has primary responsibility for protecting air quality in California as well as implementation of the California Global Warming Solutions Act of 2006 (AB 32). The Budget includes \$437.6 million and 1,278.2 positions for the Board.

REDUCING GREENHOUSE GAS EMISSIONS THROUGH THE INVESTMENT OF CAP AND TRADE AUCTION PROCEEDS

AB 32 established California as a global leader in reducing greenhouse gas emissions (GHGs). To meet the goals of AB 32, the state has adopted a three-pronged approach to reducing greenhouse gas emissions, including adopting standards and regulations, providing emission reduction incentives via grant programs, and establishing a market-based compliance mechanism known as Cap and Trade. The Cap and Trade program, as one component of the state's comprehensive approach, provides assurance that state goals will be achieved by setting a statewide limit on the GHG sources responsible for 85 percent of California GHG emissions. It establishes a financial incentive

for industries subject to the statewide limit or cap to make long-term investments in cleaner fuels, more efficient energy use, and transformational technological and scientific innovations. The Cap and Trade program provides GHG emitters the flexibility to implement the most efficient options to reduce GHG emissions. Based on the latest estimate in 2010, the Cap and Trade program is responsible for approximately 23 percent of the required GHG emission reductions to meet the AB 32 2020 goal.

The Air Resources Board (ARB) held the first of three 2012-13 auctions on November 14, 2012, resulting in \$55.8 million in proceeds to the state. The auction of allowances directly allocated to independently operated electric utilities resulted in proceeds of \$233.3 million, which will be credited to customers. The other two auctions will occur on February 19, 2013 and May 16, 2013.

In recognition of the state's initial experience with the first auction, the Budget only addresses the expenditure of auction proceeds of \$200 million in 2012-13 and \$400 million in 2013-14. Total revenues from the auctions may exceed these amounts.

Chapter 807, Statutes of 2012 (AB 1532) requires Finance to provide three-year investment plans for auction proceeds, beginning with the 2013-14 May Revision, while Chapter 830, Statutes of 2012 (SB 535) requires that at least 10 percent of the proceeds received by the state be devoted to the most impacted and disadvantaged communities to ensure the provision of economic and health benefits.

The first plan, when completed, will prioritize programs that significantly advance the goals of AB 32. While the specific details will be developed by the Administration after receiving input through the stakeholder process, the following areas are best suited for investment. Transportation is the single largest contributor to GHGs in California (38 percent), and reducing transportation emissions should be a top priority (including mass transit, high speed rail, electrification of heavy duty and light duty vehicles, sustainable communities, and electrification and energy projects that complement high speed rail). The electricity and commercial/residential energy is the second largest contributor of GHG emissions (30 percent), and the water sector is one of the largest users of electricity in the state. Encouraging energy efficiency projects with financing incentives such as the Property-Assessed Clean Energy (PACE) program will help individuals and families who need longer timeframes and simpler terms than traditional financing to pay for home energy improvements. Programs that reduce the energy used in the supply, conveyance and treatment of water throughout the state can significantly reduce GHGs while also saving water. Other areas to be examined

during the planning process include sustainable agriculture practices (including the development of bioenergy), forest management and urban forestry, and the diversion of organic waste to bioenergy and composting. The investment plan will assure benefits to disadvantaged communities.

STATE WATER RESOURCES CONTROL BOARD

The State Water Resources Control Board and the nine Regional Water Quality Control Boards preserve and enhance the quality of California water resources and ensure proper allocation and effective use of state water. The Budget includes \$674.8 million (\$14.7 million General Fund) and 1,503.9 positions for the Department.

SAFER DRINKING WATER

The Administration is reviewing the State's activities related to the provision of safe drinking water and to recommend efficiencies and alignments to maximize the state's ability to ensure that all members of the public have access to safer water. In addition, the State Water Resources Control Board will recommend potential funding mechanisms to provide disadvantaged communities with safe, affordable, and reliable water. Stakeholders will be consulted in the development of a proposal to improve the administration of the water programs and to implement sustainable funding mechanisms.

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control protects California residents and the environment from the harmful effects of toxic substances through restoring contaminated resources, enforcement, regulation, and pollution prevention. The Budget includes \$189.1 million (\$21.1 million General Fund) and 941.1 positions for the Department.

HAZARDOUS WASTE CONTROL ACCOUNT REFORM

The Department of Toxic Substances Control's hazardous waste fee system is complex and difficult to administer. It has also yielded inconsistent revenues, which has resulted in expenditures exceeding revenues for a number of years, requiring program reductions and significantly reducing the available fund balance. Later this spring, the Administration will propose to streamline the hazardous waste fee system, modify the fees to ensure long-term stability of the Hazardous Waste Control Account, and align the fees with program objectives.

DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

The Department of Resources Recycling and Recovery (CalRecycle) protects public health, safety, and the environment by regulating solid waste facilities and promoting recycling. The Budget includes \$1.5 billion and 686.6 positions for the Department.

BEVERAGE CONTAINER RECYCLING FUND REFORM

Expenditures from the Beverage Container Recycling Fund exceed revenues by approximately \$100 million as a result of a combination of historically high recycling rates and mandated program payments. All General Fund loans are planned to be repaid to the fund by 2014-15.

The Administration anticipates introducing budget-related reform measures in the spring. In anticipation of that proposal, the Department has been meeting with stakeholders since July 2012. Important topics discussed with the group include addressing fraud, reviewing program operations, and ensuring cash flow and revenues support the long-term viability of the recycling program.

NATURAL RESOURCES

The Natural Resources Agency consists of 26 departments, boards, commissions, and conservancies responsible for administering programs to conserve, protect, restore, and enhance the natural, historical, and cultural resources of California.

The Budget proposes total funding of \$7.7 billion (\$2.1 billion General Fund) and 19,125 positions for all programs included in this Agency.

TIMBER HARVEST PLANS

Existing law requires an interdisciplinary review of timber harvest plans by various departments. These plans serve as the equivalent of preparing an environmental impact report under the California Environmental Quality Act. Chapter 289, Statutes of 2012 (AB 1492) established a 1 percent assessment on lumber and other building wood products sold in California, with the assessment revenue used to fund specified activities, including existing and additional timber harvest plan reviews. The legislation allowed the elimination of fees that had been assessed on in-state timber producers (which had given an advantage to out-of-state producers) and made possible an expansion of the number of plans reviewed annually.

The Budget includes an increase of \$6.6 million Timber Regulation and Forest Restoration Fund and 49.3 positions in the California Natural Resources Agency, the Department of Conservation, the Department of Forestry and Fire Protection, the Department of Fish and Wildlife, and the State Water Resources Control Board to increase review of timber harvest plans.

The new resources will increase the state's capacity to review and process timber harvest plans in a coordinated and timely manner, while ensuring that all applicable environmental regulations are closely enforced and followed.

DELTA STEWARDSHIP COUNCIL

The Delta Stewardship Council furthers the state's coequal goals in the Sacramento-San Joaquin Delta of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The Council is required to develop and periodically update a legally enforceable Delta Plan to guide state and local agency activities related to the Delta. Under state law, agencies are required to coordinate their actions pursuant to the Delta Plan with the Council and the other relevant agencies. The Budget includes \$11.6 million (\$5.6 million General Fund) and 55.5 positions for the Council.

The Council released a final draft of the Delta Plan and a corresponding draft Programmatic Environmental Impact Report in the fall of 2012. After the Council receives and considers written comments on the draft Report, and holds public hearings regarding proposed regulations to implement the Delta Plan, the Plan will be adopted formally in the spring of 2013. The resources necessary to oversee and implement the Plan will be evaluated during the spring budget process.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department provides resources management and wildland fire protection services covering over 31 million acres. It operates 228 fire stations and, on average, responds to over 5,600 wildfires annually. The Department also staffs local fire departments through reimbursement agreements with local governments. In six counties, the Department contracts with county agencies to provide fire protection and prevention services on the Department's behalf. Among other responsibilities, the Department develops and enforces fire safety standards through the Office of the State Fire Marshal and regulates and enforces timber harvesting operations. The Budget includes \$1.3 billion (\$678.7 million General Fund) and 6,885.7 positions for the Department.

Significant Adjustment:

- State Responsibility Area Fire Prevention Fees—An increase of \$11.7 million and 65.1 positions in 2013-14 to implement the provisions of Chapter 311, Statutes of

2012 (SB 1241) and engage in other fire prevention activities. The Department will assist in the review and updating of safety elements pertaining to fire hazards in local general plans required by SB 1241. In addition, funding is proposed to meet the demand for fuel treatment through the Vegetation Management Program, and educate homeowners on ways to prevent the ignition and spread of fires by hiring seasonal defensible space inspectors.

DEPARTMENT OF FISH AND WILDLIFE

The Department manages California's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological values and for their use and enjoyment by the public. This includes the management of recreational, commercial, scientific, and educational programs. The Budget includes \$366.3 million (\$62.7 million General Fund) and 2,527.2 positions for the Department.

Significant Adjustment:

- Salton Sea Restoration—An increase of \$12.1 million from Proposition 84 funds dedicated to Salton Sea Restoration for the restoration of between 800 and 1,200 acres of habitat. The proposal will implement a pilot project to create habitat through the construction of ponds at sites where the sea bed is exposed because of evaporation. Because other sources of water for the Sea are being phased out, the pilot project is designed to demonstrate the feasibility of having the ponds permanently sustained solely with agricultural runoff. The Natural Resources Agency will spearhead an effort to develop additional restoration measures at the Salton Sea.

DEPARTMENT OF PARKS AND RECREATION

The Department operates the state park system to preserve and protect the state's most valued natural, cultural, and historical resources. The park system includes 280 parks, beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites. It consists of approximately 1.56 million acres, including over 315 miles of coastline, 974 miles of lake, reservoir and river frontage, approximately 15,000 campsites and alternative camping facilities, and 4,249 miles of non-motorized trails. The Budget includes \$576.3 million (\$114.6 million General Fund) and 3,877.5 positions for the Department.

REFORMING PARKS

In July 2012, the California Natural Resources Agency announced that the Department had not reported \$20.5 million in the State Parks and Recreation Fund and \$34 million in the Off-Highway Vehicle Trust Fund to the Department of Finance. In September, Chapter 530, Statutes of 2012 (AB 1478) appropriated \$20.5 million from the State Parks and Recreation Fund to the Department to improve the park system and to keep parks open.

A Department of Finance audit made the following findings: 1) the governance structure over budgeting functions needs improvement; 2) risks over the State Park Contingent Fund exist; and 3) key controls over procurement activities need improvement. The Department concurred with each of these findings and has already reformed or begun systematic changes to its policies, procedures, communication, and training in each area. The Governor has appointed a new Director to oversee implementation of the necessary changes and lead the Department in carrying out its important mission.

Although the Department intentionally concealed the existence of the funding in the State Parks and Recreation Fund, the difference in the Off-Highway Vehicle Trust Fund between the State Controller's Office's records and the Governor's Budget was due to timing of when the balances were reported. The Department of Finance has conducted reconciliation for the Off-Highway Vehicle Trust Fund and estimated a \$59 million balance at the end of the current fiscal year. The Budget includes a \$5 million augmentation in local assistance grants, which will bring grants up to \$26 million, the level before budget reductions in recent years. A larger augmentation is not sustainable due to a declining fund balance.

The Administration has been working with stakeholders to develop a sustainable funding model for the parks system. The 2012 Budget Act proposed the creation of an Enterprise Fund, designed to foster and reward entrepreneurial and revenue-generating activities in the park system. Additional efforts to develop new revenues and balance available resources with expenditures are continuing.

Significant Adjustments:

Boating-Parks Merger—Pursuant to Governor's Reorganization Plan No. 2, the Budget reflects the merger of the Department of Boating and Waterways into the Department of Parks and Recreation. Effective July 1, 2013, Boating and Waterways will become a new

division within Parks. The merger will result in permanent savings of \$1.1 million and a reduction of seven positions.

Americans with Disabilities Act—An increase of \$3.7 million from Proposition 12 and Proposition 84 funds to fund additional projects to meet the requirements of the federal consent decree resulting from *Tucker v. California Department of Parks and Recreation*. The decree requires Parks to remove physical and programmatic barriers to provide equal access to people with disabilities in accordance with the ADA.

DEPARTMENT OF WATER RESOURCES

The Department of Water Resources protects, conserves, develops, and manages California's water. The Department evaluates existing water resources, forecasts water needs, and explores potential solutions to meet growing needs for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. The Department also works to prevent and minimize flood damage, ensure the safety of dams, and educate the public about the importance of water and its efficient use.

The Budget includes \$3.6 billion (\$97.4 million General Fund) and 3,495.7 positions for support of the Department.

Significant Adjustment:

- Lake Perris Dam—An increase of \$11.3 million Proposition 84 funds for the Perris Dam rehabilitation project. Proposition 84 provides \$54 million for recreation, fish and wildlife enhancement costs associated with the State Water Project.

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

The Energy Resources Conservation and Development Commission is responsible for ensuring a reliable supply of energy to meet state needs while protecting public health, safety, and the environment.

The Budget includes \$485.7 million and 662.1 positions for support of the Commission.

NATURAL RESOURCES

Significant Adjustment:

- Electricity Program Investment Charge Program—The Budget includes an increase of \$192.2 million Electric Program Investment Charge funds and 58.5 positions to implement the program. The program is intended to support cost-effective energy efficiency and conservation activities, renewable energy resources, and public interest research and development within the operating area of the investor-owned utilities.

STATEWIDE EXPENDITURES

This Chapter describes items in the Budget related to statewide expenditures.

INFRASTRUCTURE

DEBT SERVICE

General Obligation (GO) and lease revenue bonds, approved by the voters and the Legislature, are used to fund major infrastructure improvements. Since 2000, voters have approved over \$100 billion of new GO bonds. The state has issued nearly \$28 billion of new GO bonds since 2009 to fund major projects and programs, such as new road construction, flood control levees, new schools, and other public infrastructure. As the state issues the remaining voter-authorized bonds, debt service costs will continue to grow.

General Fund debt service expenditures, after various other funding offsets, will increase by \$872.4 million (17.6 percent), to a total of \$5.8 billion, over the current year expenditures. This increase is comprised of \$779.7 million for GO debt service (\$5.1 billion total) and \$92.7 million for lease revenue bonds (\$766.2 million total). The greater than normal year-over-year increase in GO debt service is the result of lower than normal current year debt service because the State Treasurer's Office was able to structure prior bond sales to accommodate the \$1.9 billion Proposition 1A financing obligation that is due June 2013.

The Administration has taken actions to better manage this growing area of the Budget, such as requiring GO bond programs to demonstrate they have an immediate need for the additional bond proceeds prior to the issuance of new bonds. These efforts have helped reduce the amount of unspent bond proceeds in the state treasury from approximately \$13.9 billion, as of December 2010, to just over \$5 billion by the end of November 2012, excluding the fall 2012 GO bond sale. In addition, only the most critical new lease revenue bond funded projects have been approved. The Budget continues this approach.

The Budget proposes to lower the debt-service cost of transportation-related GO bonds by implementing a new weight fee revenue bond program that will authorize the direct payment of GO bond debt service from weight fees. Weight fees are supplemental vehicle registration charges applied to trucks. Currently, weight fees reimburse the General Fund for transportation GO bond debt service. This proposal will result in a higher-rated credit and thereby reduced debt service costs for transportation bonds. Finally, the Budget proposes extending the current use of miscellaneous State Highway Account revenues to offset qualified General Fund debt service costs for transportation projects (see the Transportation Chapter).

CALIFORNIA FIVE-YEAR INFRASTRUCTURE PLAN

The Administration will release the 2013 Five-Year Infrastructure Plan later this year. The Plan will outline the Administration's infrastructure priorities for the next five years for the major state infrastructure programs, including high-speed rail and other transportation, resource programs, higher education, and K-12 education. Given the state's increased debt burden and General Fund constraints, the Plan will examine agencies' reported needs assessments, the use of General Fund-backed debt, and place less of a reliance on future voter-authorized GO bonds.

EMPLOYEE COMPENSATION

STATE WORKFORCE

The 2013-14 state workforce is estimated at 348,045.8 positions, of which 215,972.9 are in the Executive Branch, 750 are in the Legislative Branch, 2,001.9 are in the Judicial Branch, and 129,321 are in Higher Education. Between 2010-11 and 2012-13, state government shrank by more than 30,000 positions. The Budget reflects the growth of 6,279.9 positions, primarily in higher education.

From February 2009 through June 2013, most state employees within the Executive Branch have been subject to unpaid leave days through furloughs and/or Personal Leave Programs, ranging from one to three days per month, totaling between 70 and 94 unpaid leave days. The unpaid days equate to a pay reduction of approximately 5 to 14 percent per month. In addition, state employees are contributing an additional amount toward retirement costs equal to 2 to 5 percent of their salary. These changes have provided savings of approximately \$6 billion (\$3.1 billion General Fund) to date.

In 2013-14, state employee salaries within the Executive Branch are projected to cost \$15.7 billion (\$7.4 billion General Fund), including the top step adjustment identified below. The state also provides pensions and contributions to health care benefits to its retired employees. Pay and benefits for rank-and-file employees are negotiated through the collective bargaining process. The state will begin engaging employee organizations in early 2013 to negotiate successor contracts. Contracts for 19 of the state's 21 bargaining units expire during the June 30-July 2, 2013 period.

Significant Adjustment:

- **Current Labor Contracts and Excluded Employees**—An increase of \$502.1 million (\$247 million General Fund) in 2013-14 for previously negotiated top step adjustments and health care benefit contribution increases for active employees. For most employees, the adjustment offsets the ongoing higher contribution for retirement costs previously implemented.

PENSIONS

Chapter 296, Statutes of 2012 (AB 340) established the Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA provides lower pension benefits and requires higher retirement ages for new employees in state and local government and schools hired after January 1, 2013. Additionally, state employees in designated bargaining units and associated excluded employees will make additional payroll contributions to their pension plans beginning July 1, 2013. Among other reforms, PEPRA eliminates pension spiking, limits post-retirement employment, and prohibits the purchase of non-qualified service credit (airtime).

Significant Adjustment:

- **Pension Contributions**—An increase of \$95.2 million (\$48.7 million General Fund) in 2013-14 for pension contributions. The 2013-14 total includes an additional \$63.2 million (\$42.2 million General Fund) directed toward the state's

STATEWIDE EXPENDITURES

unfunded pension liability to reflect the savings resulting from increased employee contributions under PEPPRA. This additional payment comes on top of significant savings already achieved due to prior-year increases in employee pension contributions. The state also makes separate pension contributions on behalf of school teachers and judges.

Figure SWE-01 below provides an historic overview of contributions to the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the Judges' Retirement System (JRS), and the Judges' Retirement System II (JRS II) for pensions and retiree health care benefits.

Figure SWE-01
State Retirement Contributions
(dollars in millions)

	CalPERS Total	CalPERS GF	Retiree Health & Dental Total	Retiree Health & Dental GF	CalSTRS Total	CalSTRS GF	JRS Total	JRS GF	JRS II Total	JRS II GF
2004-05	2,480	1,364	801	801	1,149	1,149	127	126	21	21
2005-06	2,403	1,322	887	887	1,081	1,081	121	119	24	24
2006-07	2,765	1,521	1,006	1,006	959	959	129	129	27	27
2007-08	2,999	1,650	1,114	1,051	1,623	1,623 ¹	162	160	37	37
2008-09	3,063	1,685	1,183	1,147	1,133	1,133	189	186	40	40
2009-10	2,861	1,573	1,182	1,146	1,191	1,191	184	182	32	32
2010-11	3,230	1,777	1,387	1,351	1,200	1,200	166	164	54	54
2011-12	3,174	1,746	1,504	1,466	1,259	1,259	195	193	58	58
2012-13 ³	3,449	1,761 ²	1,351	1,315 ²	1,303	1,303	161	159	53	53
2013-14 ³	3,537	1,803	1,517	1,513	1,358	1,358	189	187	57	57

^{1/} Includes repayment of \$500 million from 2003-04 Supplemental Benefit Maintenance Account withholding/lawsuit loss (interest payments not included).

^{2/} Beginning in 2012-13, California State University pension and health care costs are only included in the Higher Education section and not in this table.

^{3/} Estimated as of the 2013-14 Governor's Budget.

IMPROVING THE BUDGET PROCESS THROUGH ZERO-BASING AND OTHER TOOLS

Executive Order B-13-11 directed the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. The Administration completed several zero-base reviews—for the state hospitals and the state prisons—which led to significant changes being included in the 2012 Budget. The Budget reflects continued implementation of the Executive Order, including:

- The Department of Consumer Affairs is requiring each of its boards, bureaus, and divisions to determine appropriate enforcement and licensing performance measures, with updated data to be provided in each year's budget.
- The California Department of Human Resources is implementing streamlined services for departments. The Department has also expanded the use of consortium examinations, accelerated the approval process for routine personnel issues, streamlined the selection process for career executive assignments, and modernized the training classes and resources available online.
- Both the Department of Transportation (Caltrans) and the Department of Public Health (DPH) are undertaking a multiyear process to zero-base their budgets. The Budget reflects changes to the Local Assistance and Planning Programs within Caltrans, including the consolidation of five programs into a single Active Transportation Program which will simplify and enhance funding for pedestrian and bicycle projects. The results of the first year of the DPH review will be provided this spring.

Additional departments will be undertaking reviews in the coming months, including the Department of Veterans Affairs, the Department of Resources Recycling and Recovery, and the Department of Toxic Substances Control.

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TRANSPORTATION

The Transportation Agency is responsible for addressing mobility, safety, and air quality issues as they relate to transportation. Key priorities include developing and integrating the high-speed rail project into California's existing transportation system and supporting regional agencies in achieving the greenhouse gas emission reductions and environmental sustainability objectives required by state law.

The Agency consists of the following six state entities responsible for administering programs that support the state's transportation system:

- Department of Transportation
- California Transportation Commission
- High-Speed Rail Authority
- Department of Motor Vehicles
- California Highway Patrol
- Board of Pilot Commissioners

The Office of Traffic Safety operates within the Office of the Secretary for Transportation.

The Budget includes total funding of \$21.1 billion (\$0.2 billion General Fund and \$20.9 billion other funds) for all programs administered within the Agency.

The Agency, established as part of the Governor's 2012 Reorganization Plan, becomes operational on July 1, 2013.

STATEWIDE TRANSPORTATION INFRASTRUCTURE NEEDS ASSESSMENT

The California Transportation Commission recently published the "2011 Statewide Transportation System Needs Assessment" to identify all transportation funding needs over the next decade. The report identified \$538.1 billion in total infrastructure needs, including \$172.3 billion in highway and intercity rail needs.

This Needs Assessment identified approximately \$24 billion of annual revenues dedicated to transportation infrastructure statewide. Over \$10 billion in state and federal funds flow through the annual state budget. Of this budgeted amount, approximately 37 percent supports local transportation needs, including local streets and roads and public mass transit systems. The remaining 63 percent is used for state transportation purposes, primarily the operation, maintenance, and construction of the state highway system. In addition to the amounts provided in the state budget, local agencies receive a \$1.4 billion share of state sales tax revenue for transportation purposes, another \$1.4 billion in federal support for local transit systems, and 19 counties have exercised the option of passing local sales tax measures which generate another \$3.6 billion in revenue for transportation purposes. Local agencies may choose to use some of these local funds for state highway improvements within their jurisdictions. The remaining revenues are from local transit fares and other local sources, such as property taxes, developer fees and local bond proceeds.

Over the past decade, the voters have approved almost \$30 billion of general obligation bonds for transportation purposes, including \$19.9 billion for Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and \$9.9 billion for Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. As a result, approximately 13 percent of annual state transportation revenues will continue to be dedicated to offsetting debt service costs. These debt service costs are expected to total over \$1 billion in 2013-14 and are projected to grow in future years, significantly exceeding the amount of existing transportation funds legally available to offset these costs and therefore creating General Fund expenses.

Beginning in the spring of 2013, the Agency will convene a workgroup consisting of state and local transportation stakeholders to refine the transportation infrastructure needs

assessment, explore long-term, pay-as-you-go funding options, and evaluate the most appropriate level of government to deliver high-priority investments to meet the state's infrastructure needs.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has almost 20,000 employees and a budget of \$12.8 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local transportation projects. The Department also maintains 50,000 road and highway lane miles and 12,559 state bridges, and inspects 402 public-use and special-use airports and heliports. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks.

In the summer of 2012, the new federal Surface Transportation Act (Moving Ahead for Progress in the 21st Century, or MAP-21) was enacted. MAP-21 consolidates several existing transportation programs and provides additional flexibility to allocate federal funds based on state priorities. The Budget maintains the existing federal funding split between state and local transportation agencies. Maintaining the status quo will ensure that existing projects already scheduled for construction will continue.

Significant Adjustments:

- **Zero-Base Budget Review**—Executive Order B-13-11 directs the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. Pursuant to this Executive Order, Finance and Caltrans developed a four-year plan to conduct a zero-base analysis of all Caltrans' programs. The Local Assistance and Planning Programs were reviewed in the fall of 2012. The Budget includes the following proposals that reflect the outcome of the zero-base review:
 - **Active Transportation Program**—A shift of \$134.2 million in state and federal resources and a reduction of five positions in 2014-15 to consolidate five existing programs into a single Active Transportation Program. Active transportation refers to any method of travel that is human-powered, such as walking and bicycling. Currently, there are five separate programs that fund bicycle, pedestrian, and mitigation projects, including the federal Transportation Alternatives Program (which also includes the Recreational Trails Program),

federal and state Safe Routes to Schools Programs, state Environmental Enhancement and Mitigation Program, and the state Bicycle Transportation Account program. Currently, some projects are eligible for grants under several programs, and project sponsors often find it necessary to submit multiple applications for the same project. The new consolidated Active Transportation Program will streamline this process and fund high-priority projects that reduce greenhouse gas emissions consistent with the objectives of Chapter 728, Statutes of 2008 (SB 375), as well as provide safety benefits.

- **Local Assistance Program**—A reduction of \$1.5 million and 20 positions associated with the implementation of various efficiency measures. The Budget proposes to establish staffing levels that are consistent across 12 district offices, shift \$13.4 million from state funds to local federal funds for state costs that support local transportation projects, and conduct an audit by the California Department of Human Resources to ensure position classifications are appropriate for the work being performed. In addition, the California Transportation Commission intends to revise performance measures in the 2014 State Transportation Improvement Program guidelines to improve the effectiveness of the state's transportation investments for mobility and greenhouse gas emission goals, as well as align with the federal performance measures currently being developed by the U.S. Department of Transportation.
- **Planning Program**—An increase of \$8.4 million and ten positions to address additional workload and implement various efficiency measures. The Budget proposes to streamline and standardize Caltrans planning documents, reduce administrative costs for existing grant programs, conduct a position classification audit by the Department of Human Resources, and add additional positions to complete necessary project initiation documents. Beginning July 1, 2013, the Planning Program will implement a task-based timesheet to ensure that workload tasks are fully captured and charging practices are appropriately tracked and maintained. As more accurate workload information becomes available and efficiency measures are implemented, Finance and Caltrans will reevaluate the resources needed to support the Planning Program.
- **Continue Miscellaneous State Highway Account Revenues for Transportation Debt Service**—A transfer of \$67 million in special fund revenue to partially offset General Fund transportation debt service costs. The State Highway Account generates a portion of its revenue from sources other than excise taxes on gasoline, such as rental income and the sale of surplus property. Since 2010-11, this revenue

source has been used to offset General Fund debt service costs on specified general obligation transportation bonds. The use of non-excise tax revenue is statutorily authorized for this purpose through 2012-13. The Budget proposes to continue to offset transportation debt service costs with this revenue source on a permanent basis.

HIGH-SPEED RAIL

The High-Speed Rail Authority is responsible for the development and construction of a high-speed passenger train service between San Francisco and Los Angeles/Anaheim (Phase I), with extensions to San Diego and Sacramento and points in-between (Phase II). Proposition 1A, enacted in November 2008, authorizes \$9 billion in bond proceeds for the rail lines and equipment, and an additional \$950 million for state and local feeder lines. The federal government has also awarded the Authority nearly \$3.5 billion, most of which has been designated to fund portions of the project in the Central Valley.

The 2012 Budget Act appropriated approximately \$8 billion for the high-speed rail project for the following purposes:

- \$5.8 billion for the first phase of the Initial Operating Section from Madera to Bakersfield.
- \$1.1 billion for early improvement projects to upgrade existing rail lines in Northern and Southern California, which will lay the foundation for future high-speed rail service as it expands into these areas.
- \$819.3 million for connectivity projects to enhance local transit and intercity rail systems that will ultimately link to the future high speed rail system.

Since the enactment of the Budget Act, significant progress on the project has been made:

- In September, the Federal Railroad Administration approved the necessary environmental impact assessments for the Merced to Fresno alignment.
- The public comment period for the draft environmental assessments for the Fresno to Bakersfield alignment concluded in October.
- The Authority has started to solicit bids from private contractors to begin the right-of-way land acquisition phase of the project.

- The Authority is continuing to identify early “bookend” investments that will generate immediate benefits and, through blended service, enhance future high-speed rail ridership. Projects currently being evaluated include the electrification of the Caltrain corridor in Northern California and regional rail improvement projects, such as grade separations, in Southern California. Final selection of specific projects and lead agencies will be completed by the end of the current fiscal year.
- Initial construction work is scheduled to begin in the Central Valley during the summer of 2013.

As noted in the Authority’s revised 2012 Business Plan, additional funding will be necessary to complete the Initial Operating Section from Merced to the San Fernando Valley. Cap and Trade funds will be available as a fiscal backstop. For more discussion on the Administration’s Cap and Trade investment plan, see the Cap and Trade section in the Environmental Protection Chapter.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. The Budget proposes \$991.5 million, all from non-General Fund sources, and 8,209 positions for support of DMV.

Significant Adjustment:

- The Budget proposes \$980,000 and two positions for start-up costs related to the implementation of Chapter 570, Statutes of 2012 (SB 1298), which authorizes the operation of autonomous vehicles on public roads. SB 1298 requires DMV to adopt regulations for approval of applications to operate an autonomous vehicle by 2015. These regulations will include any testing, equipment, and performance standards the Department concludes are necessary to ensure the safe operation of autonomous vehicles with or without the presence of a driver inside the vehicle. This proposal includes a \$750,000 contract with the University of California, Berkeley to assist in the development of the regulations.

LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Governmental entities classified under the Legislative, Judicial, and Executive section are either established as independent entities under the California Constitution or are departments that operate outside the agency structure. Constitutionally established bodies include the Legislature, the Judicial Branch, Governor’s Office, and Constitutional Officers.

The Budget includes total funding of \$7.6 billion (\$2.5 billion General Fund and \$5.1 billion other funds) in 2013-14 for all programs included in this area.

JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, and the Judicial Council. The state-level judiciary receives most of its funding from the General Fund. The trial courts are funded with a combination of funding from the General Fund, county maintenance-of-effort requirements, fines, fees, and other charges.

Since 2007-08, ongoing state General Fund support for the Judicial Branch has been reduced. However, the Administration, the Legislature, and the Judicial Council have mitigated these reductions through a mix of permanent and one-time offsets, including transfers from special funds, fee increases, and use of trial court reserves. Further, 2011 Realignment removed a fast growing program from the trial court budget—trial court security. Expenditures for the trial courts have remained relatively flat as illustrated in Figure LJE-01.

Figure LJE-01
Judicial Branch Expenditures, State Funds
 Since 2007-08
 (Dollars in Thousands)

Judicial Branch Expenditures by Program	2007-08 Actual	2010-11 Actual	2011-12 Actual	2012-13 Estimated	2013-14 Governor's Budget	2007-08 vs. 2013-14
Supreme Court	\$44,397	\$43,953	\$40,706	\$43,773	43,500	-2.0%
Courts of Appeal	200,706	206,760	199,112	202,492	204,886	2.1%
Judicial Council	130,396	137,456	120,601	148,862	150,795	15.6%
Habeas Corpus Resource Center	12,553	13,570	12,425	13,576	13,576	8.1%
Facility Program	(49,965)	(200,949)	(173,796)	(224,312)	(263,083)	
<i>Staff and OE&E</i>	22,634	25,518	26,534	28,582	30,826	54.6%
<i>Trial Court Facility Expenses</i>	27,331	175,431	147,262	195,730	232,257	
Trial Courts	3,288,873	3,218,101	2,680,140	2,267,631	2,430,566	
Total	\$3,726,890	\$3,820,789	\$3,226,780	\$2,900,646	\$3,106,406	
Adjustments to Trial Courts ¹	\$3,288,873	\$3,218,101	\$2,680,140	\$2,267,631	\$2,430,566	
<i>Trial Court Facility Expenses</i>	\$27,331	\$175,431	\$147,262	\$195,730	\$232,257	
<i>Offsets:</i>						
<i>Reserves and Redirections</i>				402,000	200,000	
<i>Transfers and Redirections</i>		(166,000)	(302,400)	(440,000)	(357,000)	
Sub-total, Trial Courts	\$3,316,204	\$3,393,532	\$2,827,402	\$2,865,361	\$2,862,823	
<i>Trial Court Security Costs ²</i>	-444,901	-480,999	(496,400)	(496,400)	(496,400)	
Adjusted Total, Trial Courts	\$2,871,303	\$2,912,533	\$2,827,402	\$2,865,361	\$2,862,823	-0.3%

¹ Due to availability of data, all offsets may not be displayed.

² For comparison purposes, court security costs for 2007-08 through 2010-11 are removed from trial court expenditure totals due to the realignment of court security costs in 2011-12 and ongoing.

The 2012 Budget Act limited trial courts to a 1 percent reserve by the end of fiscal year 2013-14. The Trial Court Funding Workgroup, called for in the May Revision to examine the state's progress in achieving the goals outlined in the Trial Court Funding Act of 1997, has begun its evaluation.

The Budget continues the practice of mitigating General Fund reductions through offsets and redirections of available resources. However, beginning in 2014-15, reserves and fund balances will mostly be exhausted, which will require trial courts to make permanent changes to achieve roughly \$200 million in savings needed to achieve structural balance.

Significant Adjustments:

- The 2012 Budget Act limited trial court reserves to 1 percent beginning on July 1, 2014. The spending down of court reserves offsets General Fund spending on a dollar-for-dollar basis. The state's fiscal condition necessitates continued

prudence; therefore, the Budget uses a \$200 million transfer from the Immediate and Critical Needs Account to support trial court operations as the courts adapt to the new reserve policy. This transfer will delay additional courthouse construction projects up to one year, but will allow some of the most critical projects to continue, as determined by the Judicial Council.

- Long Beach Courthouse—An increase of \$34.8 million Immediate and Critical Needs Account in 2013-14 to fund the new Long Beach Courthouse service fee payment.
- Trial Court Efficiencies—The Budget includes a range of statutory changes that will reduce workload through administrative efficiencies, increase user fees to support ongoing workload at the trial courts, and assist the Judicial Branch in effectively managing monthly trial court cash flow issues.

CALIFORNIA SCHOOL FINANCE AUTHORITY

The California School Finance Authority provides facilities and working capital financing to school districts, community college districts, county offices of education, and charter schools.

Significant Adjustment:

- Charter Schools—An increase of \$92 million Proposition 98 General Fund local assistance, \$12.4 million Charter School Revolving Loan Fund, and \$175,000 non-Proposition 98 General Fund to reflect the realignment of the Charter School Facility Grant Program and the Charter School Revolving Loan Program from the Department of Education to the Authority. Since the Authority successfully administers similar programs, this consolidation will create efficiencies by taking advantage of the Authority's expertise and proven effectiveness in administering these types of programs.

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BUSINESS, CONSUMER SERVICES, AND HOUSING

The Business, Consumer Services, and Housing Agency's mission is to assist, educate, and protect consumers, as well as regulate businesses. Among its many responsibilities, the Agency oversees the following departments that license more than 3.3 million Californians in more than 250 different professions:

- Department of Consumer Affairs
- Housing and Community Development
- Department of Fair Employment and Housing
- Department of Business Oversight
- Department of Alcoholic Beverage Control
- Alcoholic Beverage Control Appeals Board
- California Horse Racing Board
- Alfred E. Alquist Seismic Safety Commission

The Budget includes total funding of \$1.1 billion (\$20 million General Fund and \$1.1 billion various funds) for the Agency.

The Agency, established as part of the Governor's 2012 Reorganization Plan, becomes operational on July 1, 2013.

DEPARTMENT OF CONSUMER AFFAIRS

The Department of Consumer Affairs (DCA) oversees a wide variety of Boards and Bureaus that certify, register, and license individuals and entities that provide goods and/or services in the state. The overall purpose of DCA is to promote a fair and competitive marketplace in which consumers are protected. DCA provides exams and licensing as well as mediation and enforcement of consumer complaints. When appropriate, cases are referred to the Attorney General's office or other law enforcement authorities for administrative action, civil and/or criminal prosecution.

There are currently 26 boards, 9 bureaus, 2 committees, a certification program, and a commission under the broad authority of DCA.

PERFORMANCE-BASED BUDGETING

Executive Order B-13-11 directs the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. Pursuant to this Executive Order, Finance and DCA developed a multi-year plan to evaluate the performance of DCA's programs. As part of the plan, DCA will:

- Require that all of its boards, bureaus, and divisions undergo a program evaluation to determine appropriate enforcement and licensing performance measures. DCA has already begun a pilot program to conduct such evaluations of two of its programs—the Bureau of Security and Investigative Services and the Dental Board of California.
- Require that all of its boards, bureaus, and divisions have well-developed and up-to-date strategic plans.
- Include additional information in the 2013-14 Governor's Budget which highlights DCA's enforcement targets and provides two years of actual enforcement performance data. This will track the amount of time it takes between a complaint being received by a board or bureau and its resolution. Once DCA's licensing and enforcement information technology program, BreEZe, begins implementation in March 2013, DCA will be able to uniformly track the licensing data of its boards and bureaus. DCA plans to include the licensing performance categories and targets in the 2014-15 Governor's Budget and will begin displaying licensing data in the 2015-16 Governor's Budget.
- Focus on those programs that are unable to reach their performance targets and identify processes that can be streamlined and improved.

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency addresses issues relating to California workers and their employers. The Agency is responsible for labor law enforcement, workforce development, and benefit payment and adjudication. The Agency works to combat the underground economy and to help legitimate businesses and workers in California.

The Budget includes total funding of \$17.5 billion (\$329 million General Fund and \$17.2 billion various other funds) for the Agency.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (EDD) administers the Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave programs and collects payroll taxes from employers, including the Personal Income Tax. EDD connects job seekers with employers through job services programs and one-stop service centers and provides employment training programs through the Employment Training Panel and the Workforce Investment Act of 1998. To support the Department, the Budget includes \$16.9 billion (\$313.3 million General Fund), which reflects a net decrease of \$1.5 billion as compared to the 2012 Budget Act. This change is due primarily to a \$1.6 billion reduction in UI benefits as a result of the end of the federal UI extensions in December 2013 and a reduction in the unemployment rate, as well as \$42.4 million in other adjustments, including an increase in Disability Insurance benefit payments.

UNEMPLOYMENT INSURANCE PROGRAM

The UI program is a federal-state program that provides weekly payments to eligible workers who lose their jobs through no fault of their own. Benefits range from \$40 to \$450 per week for up to 26 weeks depending on earnings during a 12-month base period. To be eligible, an applicant must have received enough wages during the base period to establish a claim, be totally or partially unemployed, be unemployed through no fault of his or her own, be physically able to work, be seeking work, be immediately available to accept work, and meet eligibility requirements for each week of benefits claimed.

As a result of the recession, the federal government authorized the Emergency Unemployment Compensation Program, which provided payments to unemployed individuals who had exhausted their regular unemployment benefits. When the first tier of federally funded extension benefits became available in California in July 2008, a person could qualify for up 99 weeks of benefits when combining the federal extensions with the state's regular 26 weeks of benefits. As of November 2012, more than 900,000 unemployed workers in the state had already exhausted their available unemployment benefits. The U.S. Congress and the President have agreed to extend the Emergency Unemployment Compensation Program through 2013, benefiting approximately 400,000 jobless Californians.

The UI program's financing structure was designed to build sufficient reserves during times of economic expansion so that the fund balance could be drawn against during periods of economic contraction. However, as benefit levels were increased starting in the early 2000s with no changes to the underlying revenue structure, the financing structure has not been robust enough to build sufficient reserves. As of January 2009, the state's UI Fund was exhausted due to this imbalance between benefit payments and annual employer contributions. To continue to make UI benefit payments without interruption, EDD began borrowing funds from the Federal Unemployment Account. The UI Fund deficit was \$9.9 billion at the end of 2011 and is projected to be \$10.2 billion at the end of 2013.

While annual interest payments were waived under the American Recovery and Reinvestment Act for 2010, interest payments of \$303.5 million and \$308.2 million were paid in 2011 and 2012, respectively. The interest payment must come from state funds. Given the General Fund condition in those years, loans were authorized from the Unemployment Compensation Disability Fund to the General Fund to pay for the UI expense. The interest payment for September 2013 is estimated to be \$291.2 million.

Interest will continue to accrue and be payable annually until the principal on the UI loan is repaid.

The UI program's financing structure has not been modified since 1984. Since then, the state's taxable wage ceiling has remained at the federal minimum of \$7,000 while the average weekly wage and minimum wage have more than doubled. At \$7,000, California is among the lowest in the nation, well below the median taxable wage ceiling of \$12,000. When the state's maximum tax rate of 6.2 percent is applied to its taxable wage ceiling of \$7,000, its maximum tax liability per employee of \$434 is the second lowest in the nation. The state's maximum weekly benefit was increased from \$230 to its current level of \$450 in 2005, and is in the top one-third of the nation. California's average weekly benefit amount of \$294 remains at the national median. With the high rate of employment, more unemployed workers are getting higher benefits while employer contributions have remained static, creating the UI Fund imbalance.

Pursuant to federal law, a reduction in the employer tax credit was triggered in 2012 as a mechanism to begin repaying the federal loan. The federal employer tax credit was reduced from 5.4 percent to 5.1 percent because of the UI Fund deficit and will continue to decrease by 0.3 percent each year that the state maintains an outstanding federal loan balance. To address this deficit, the Secretary for Labor and Workforce Development will begin a series of meetings to bring together key stakeholders, including business and labor by February 1, 2013. This effort will identify preferred alternatives to meet annual federal interest obligations, repay the federal loan, and return the state's UI Fund to solvency.

Significant Adjustments:

- Revised UI Benefit Payments—Total benefit payments will be \$12.9 billion in 2012-13 and \$9.5 billion in 2013-14, which reflect the recent extension of federal benefits through December 2013 and a reduction in the unemployment rate.
- Revised DI Benefit Payments—The Budget includes an increase of \$66.7 million in 2012-13 and \$225.9 million in 2013-14 for DI benefit payments.
- Enhanced Data Sharing—As part of a review of revenue collection functions of the Franchise Tax Board and EDD, additional data-sharing opportunities have been identified in the near term that will increase revenues. The Budget includes an increase totaling \$2 million in various payroll taxes, including increased penalty assessments and interest of \$649,000 as a result of these data sharing efforts.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department works to improve working conditions, enforces laws relating to wages, hours, conditions of employment, and workers' compensation, and adjudicates workers' compensation claims. The Budget includes \$586.1 million (\$2.5 million General Fund) to support the Department, which reflects an increase of \$153.6 million compared to the 2012 Budget, primarily attributed to workers' compensation reform efforts, including a \$120 million increase for permanent disability payments as part of the return-to-work program.

Significant Adjustments:

- **Workers' Compensation Reform Implementation**—An increase of \$152.9 million in the Workers' Compensation Administration Revolving Fund and 82 positions to implement the reforms prescribed in Chapter 363, Statutes of 2012 (SB 863). This includes a \$120 million increase for permanent disability payments as part of the Special Earnings Loss Supplement program, also known as the return-to-work program. These resources will support the reforms to medical provider networks, workers' compensation liens, fee schedules, medical care administrative procedures, permanent disability benefits, the Special Earnings Loss Supplement program, and independent medical and bill review processes.
- **Workers' Safety and Labor Standards Enforcement**—The Budget proposes the elimination of the July 1, 2013 sunset date for the employer surcharge for the Occupational Safety and Health Fund and the Labor Enforcement and Compliance Fund to permanently fund these programs. These programs, which include investigations, inspections, and audits, protect lawful employers from unfair competition while ensuring employees are not required or permitted to work under unlawful conditions.
- **Elimination of the Targeted High Hazard Assessment**—This proposal replaces the \$9.1 million in revenues from this assessment with a \$9.1 million increase in the Occupational Safety and Health Fund assessment. This will result in all safety, workplace injury prevention, and enforcement efforts being funded through this single assessment.
- **Compliance Monitoring Unit**—The unit was created in 2009 to ensure prevailing wages are paid by contractors on public works projects. The monitoring costs were to be paid from specified bond funds that support projects. These revenues have not been sufficient to meet program requirements. The Budget includes various

LABOR AND WORKFORCE DEVELOPMENT

strategies to stabilize the unit, including (1) a redirection of \$2.5 million General Fund to the unit from worker's safety and labor standards enforcement activities, with a corresponding backfill to those programs from the employer surcharge, (2) a \$5 million loan from the Targeted Inspection and Consultation Fund, and (3) cost recovery from other sources that support these public works projects.

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GOVERNMENT OPERATIONS

The Government Operations Agency's mission is to improve management and accountability of government programs, increase efficiency, and promote better and more coordinated operational decisions.

The Agency oversees the following nine entities:

- Department of General Services
- Department of Human Resources
- Department of Technology
- Office of Administrative Law
- Franchise Tax Board
- State Personnel Board
- Victim Compensation and Government Claims Board
- California Public Employees' Retirement System
- California State Teachers' Retirement System

The Budget proposes total funding of \$36 billion (\$741.7 million General Fund) and 14,810.7 positions for all programs included in this Agency.

The Agency, established as part of the Governor's 2012 Reorganization Plan, becomes operational on July 1, 2013.

FRANCHISE TAX BOARD

The Franchise Tax Board (FTB) is tasked with administration of the state's personal income tax and corporations tax. Activities include tax return processing, filing enforcement, audit, and collection of delinquent amounts owed.

Significant Adjustments:

- Enterprise Data to Revenue (EDR) Project—An increase of \$152.2 million General Fund and 184 positions in 2013-14 and \$88 million and 220 positions in 2014-15 to continue implementation of the EDR project. EDR is entering the third year of a six year benefits-based IT project with projected total fixed costs of \$479 million. FTB has expended approximately \$61 million to date. The project generated revenues of \$115.7 million in 2011-12, nearly double the initial estimate of \$63 million. FTB estimates the project will generate additional General Fund revenues of \$4.9 billion through 2017. Ongoing revenues are estimated to be in excess of \$1 billion annually when the project is fully implemented.
- Enhanced Data Sharing—As part of a review of the revenue collection functions of FTB and the Employment Development Department (EDD), additional data-sharing opportunities have been identified in the near term that will increase revenues. The Budget includes an increase in Personal Income Tax collections of \$3 million General Fund by FTB and \$800,000 General Fund by EDD as a result of these efforts.

DEPARTMENT OF GENERAL SERVICES

The Department of General Services (DGS) provides centralized services and oversight activities to state agencies over a broad spectrum of areas, including: management of state-owned and leased real estate, maintenance of state-owned buildings, approval of architectural designs for local schools and other state-owned buildings, a quasi-judicial court that hears administrative disputes, publishing services, management of the state's fleet, and procurement of commodities, services, and equipment. These activities are largely funded through fees that are charged to the client departments.

In 2012-13, DGS implemented better business practices and efficiencies that resulted in either cost avoidance or savings for client departments. In 2013-14, DGS continues these efforts by making further significant adjustments to various programs to maximize the state's resources and promote budgetary savings. As part of these efforts, DGS has taken steps to reduce rental costs for state departments in leased space by renegotiating building leases. Since 2009, DGS has executed 333 leases that result in over \$152 million of reduced rent. DGS also led the Governor's effort to reduce the state's fleet by over 7,000 vehicles and is working to build a more sustainable state government fleet by utilizing zero-emission vehicles and providing electric vehicle charging stations.

Significant Adjustments:

- **Program Reductions**—A decrease of \$5.6 million and 22.5 positions to reflect operational efficiencies and the elimination of non-mission critical services.
- **Office of Public School Construction (OPSC) Reduction**—A decrease of \$1.6 million state bond funds and 20 positions to align administrative resources with expected workload for the School Facilities Program. State bond fund authority in the core new construction and modernization School Facilities Programs will be fully exhausted in 2012-13. Additionally, the OPSC has been directed by the State Allocation Board to no longer fully process school district applications for the new construction and modernization of school facilities. However, there is still workload for OPSC moving forward associated with active project closeouts, processing project appeals, reporting for subcommittees, processing fund releases, and project expenditure reviews.
- **Special Repairs**—An increase of \$11 million for various deferred maintenance projects in state-owned buildings to enable DGS to consolidate agencies and departments into state-owned facilities instead of leased facilities and to comply with the Americans with Disabilities Act.

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GENERAL GOVERNMENT

The General Government Section includes multiple departments, commissions, and offices responsible for the operation of various government programs. The Budget includes total funding of \$4 billion (\$470.2 million General Fund and \$3.5 billion various funds) for these entities.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

The California Department of Veterans Affairs promotes and delivers services for California veterans and their families. Specifically, the Department provides aid and assistance to veterans and their families for presenting claims for federal veterans' benefits, provides California veterans with direct low-cost loans to acquire farms and homes, and provides the state's aged and disabled veterans with rehabilitative, residential, and medical care services in the California Veterans Homes. California owns and operates eight veterans homes located in Yountville, Chula Vista, Barstow, Lancaster, Ventura, West Los Angeles, Redding, and Fresno. These homes provide residential and medical care services to honorably discharged California veterans who served on active duty and are over the age of 55 or disabled. The recently completed homes in Redding and Fresno will begin admitting residents in the fall of 2013. The Budget includes 2,428.9 positions and total funding of \$406 million (\$316 million General Fund and \$90 million various funds) for the Department.

Significant Adjustment:

- Continuing Activation of Redding and Fresno—The Budget includes \$27 million for the continuing activation of the veterans homes in Redding and Fresno, both of which will begin admitting residents in the fall of 2013. This proposal will be refined in the spring to reflect the detailed operational requirements for the homes.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission (PUC) regulates critical and essential services such as privately owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit and moving and transportation companies. The Budget includes \$1.4 billion and 1,052.9 positions for the PUC.

AUDIT OF PUC

As a result of the statewide review of special funds, the Department of Finance conducted an audit of PUC budgeting practices and procedures. Some of the observations in the audit include:

- Policies and procedures are not adequate.
- Lines of authority, reporting, and responsibility are unclear.
- Forecasting methodologies need improvement.
- The budget office is insufficiently staffed.
- Staff performing budget functions are not properly trained.

A corrective action plan needs to be developed to remedy variances between the PUC's, the Governor's Budget's, and the State Controller's Office's records. The Department of Finance will be working closely with the PUC to address the observations in the audit and ensure the PUC's financial records are accurate and reliable. The Budget includes the addition of three positions and \$210,000 from various special funds to develop and implement improvements to PUC budget administration.

DEMOGRAPHIC INFORMATION

California has long been a destination state for both domestic and international migrants. Growth due to migration, combined with natural increases (more births than deaths), has historically resulted in substantial population gains. California added more residents than any other state in every decade between 1920 and 2000. The phenomenal growth that occurred in California between 1980 and 1990 was the largest for any state in the history of the United States, both in additional residents (6.1 million) and in terms of the state's share of US growth for a single decade; California accounted for 27.5 percent of total US population growth that decade. California also had the second largest numerical growth in a decade for any state in the country, when the state added 5.1 million people during the 1950's. Between 2000 and 2010, California's population growth slowed somewhat, but still added the second largest number of people, 3.4 million, behind Texas, which added 4.3 million.

The population growth in the United States also slowed between 2000 and 2010 compared to the previous decade, as demographic and economic issues contributed to slower growth rates. Although interstate migration does not affect the total US population, a national decline in interstate migration contributes to less growth in some states, including California. The reduction in interstate migration is especially noticeable among young adults between 18 and 34 years of age, who are traditionally the largest segment of interstate migrants. The decline in housing-related employment also had a ripple effect on domestic and international migration, affecting California and other states where reduced construction was most severe. The influence of some of these recent factors contributing to slower growth may already be waning, but other issues may be

more structural and long-term. The economic downturn has reversed, unemployment is gradually shrinking and employment is growing. These factors will reduce out-migration and increase net in-migration; however, declines in the “total fertility rate” (average births per woman) have led to fewer total births each year in California since 2007. Given the lower rates and the aging population structure in the United States and California, any future periods of rapid growth will likely depend on increases in migration. Nevertheless, California continues to experience overall population growth and maintains its potential for more growth relative to most other states in the coming years.

Part of California’s population growth is connected to its location. The state not only has a common border with Mexico, but shares space on the Pacific Rim with several countries which have been key in California’s historical development and continue as a source of immigration. Immigration contributes to California’s racial and cultural diversity and will help infuse the labor force as baby-boomers retire.

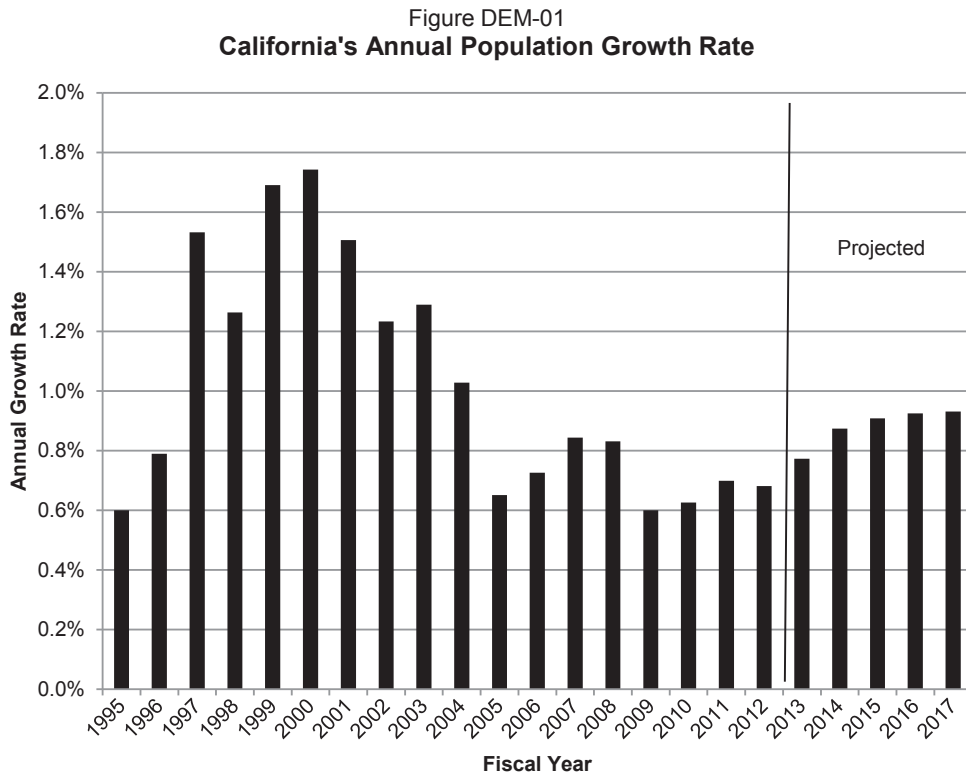
POPULATION FORECAST

There were an estimated 37.8 million people residing in California as of mid-2012. California continues to experience a moderate growth rate, adding 0.7 percent in the last fiscal year. During the year, the United States also added 0.7 percent to the population. Half of all states grew 0.6 percent or less, with nine either losing population or growing by less than 0.2 percent. Although the rate of growth was not large in comparison with California’s historical rates, the state experienced the second largest total population increase of any state in the nation:

- The estimate of the population on July 1, 2012 is 37,826,000.
- The population is projected to be 38,118,000 by July 2013 and 38,452,000 by July 2014, reflecting short-term growth rates of 0.8 percent in 2013 and 0.9 percent in 2014.

The forecast assumes that through the next five years, the state will grow at a slightly higher rate than over the last few years, averaging 340,000 residents annually through 2017. Natural increase will account for most of the growth during this time. Net migration (people moving to California from other states and countries, less those moving out) is projected to gradually increase as economic conditions continue to improve. By July 2017, California will have added 1.7 million people and have a population of over 39.5 million, a five-year growth rate of 4.5 percent.

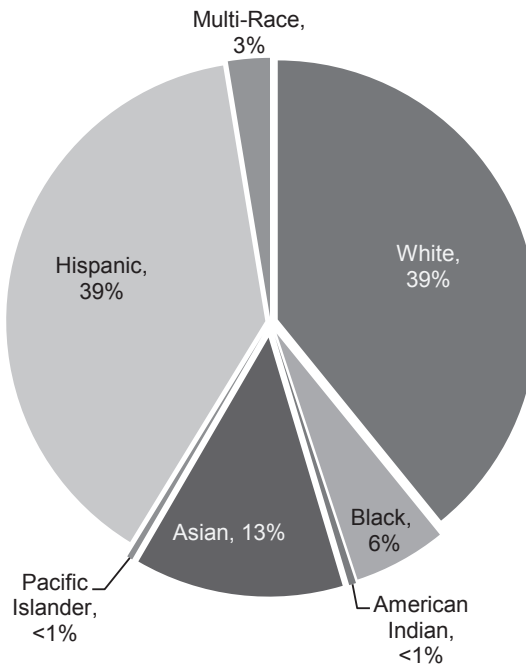
Figure DEM-01 displays the projected annual growth rates through 2017.



As the state's growth patterns change, the age and race distribution of California's population continue to transform. It is projected that in July 2013, the non-Hispanic White and the Hispanic population will each represent 39 percent of California's population. Later in the fiscal year, for the first time since California became a state, the Hispanic population will become the largest group in California. This shift is due primarily to variations in demographic patterns, including fertility, age structure, and migration. In July 2013, of the non-Hispanic White population, 43 percent will be at least 50 years of age, while 19 percent of Hispanics will be 50 or older.

Figure DEM-02 shows the racial/ethnic composition in California in 2013.

Figure DEM-02
**Race & Ethnicity Distribution,
July 2013**



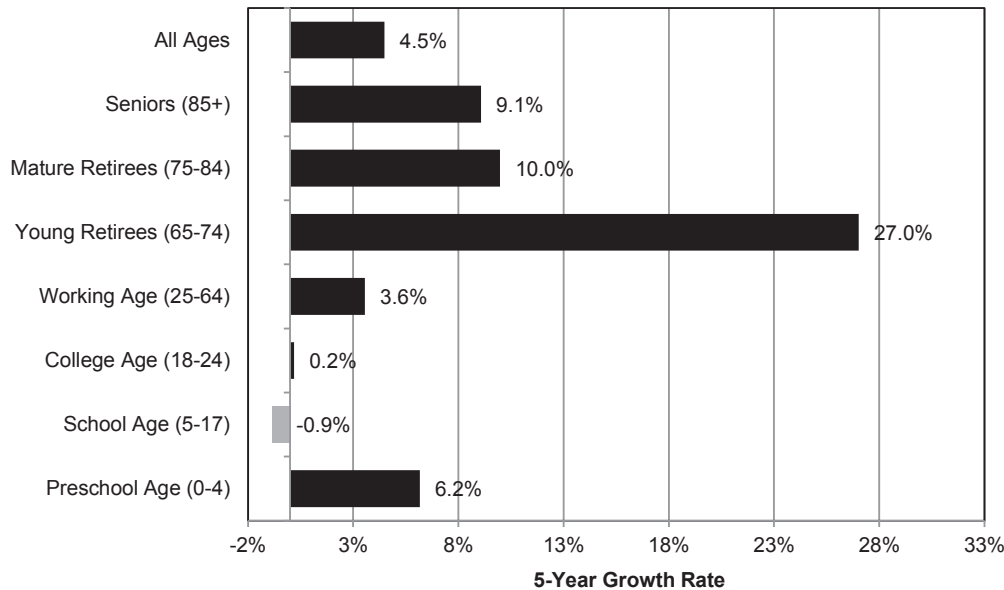
Population growth rates vary significantly by age group. The state's projected total five-year growth rate of 4.5 percent is lower than the anticipated 6.2 percent growth in the preschool-age group. The school-age group will decline by 0.9 percent, and the college-age group will increase by 0.2 percent. The working-age population will grow by 700,000 or 3.6 percent. The population of the retirement-age group, those 65 and older, will expand rapidly (19.3 percent). The retirement-age growth will be concentrated in the 65 through 74 year olds, with a growth rate of 27 percent.

Figure DEM-03 shows the projected cumulative growth by age group through 2017.

CALIFORNIA'S DEMOGRAPHIC AND ECONOMIC FUTURES ARE LINKED

The United States is beginning to undergo some of the most dramatic demographic changes since the nation was founded. Increasing life expectancies and declining birth rates are changing the age structure of the population. Growth patterns and aging will vary by race and ethnicity. Immigration and the somewhat higher birth rates of

Figure DEM-03
**Projected California Population Growth Rate
 by Age Group (2012-2017)**



immigrants will prevent a declining population, but will not stop the effect of the aging of the baby-boomers. As baby-boomers entered schools and then the workforce, society adapted to their requirements and boomers helped frame the current workforce and culture. Further adaptations will be necessary to accommodate an increasingly large number of retirees.

The demographic shifts California is experiencing are significant and part of the demographic evolution of the United States. As the primary gateway to the United States, California enjoys a younger population than most states. In 2010, only five states had a lower percentage of the population who were at least 65 years old. Despite this relative youth, California's first baby-boomers turned 65 in 2011 and the state is growing older. The age structure of the workforce has aged along with the baby-boomers.

California is still the agricultural capital of the United States, but agricultural employment is a smaller part of California's occupational picture than 50 years ago. Manufacturing is a vital part of California, but many manufacturing jobs require far more training because of technological innovations. The economy and demography in California are linked and sustaining economic progress will require that all components of the workforce be prepared for the jobs that will drive California's economic future.

DEMOGRAPHIC INFORMATION

As a substantial proportion of Californians enter their retirement years, baby-boomers will benefit from medical research and training of the younger population. The future age distribution will not be evenly split between races or those of Hispanic origin. One of the positive attributes of California's cultural diversity is that not everyone gets old at once. That also means the workplace will change, as many in the non-Hispanic White population retire, they will be replaced by a more diverse workforce. For California to continue its role as the gateway to America and to continue to attract migrants seeking a better future, California policies must maintain leadership in developing employment and educational opportunities.

ECONOMIC OUTLOOK

While the current economic recovery is slower than previous recoveries, many sectors of the economy are improving. Home values are rising, credit conditions are improving, and household spending—typically the principal driver of economic recovery—is strengthening. Job creation, while still modest, also continues to improve.

However, as 2012 came to a close, uncertainty was building over domestic fiscal policies and global economic developments that tempered business investment. The effects of Hurricane Sandy also softened economic growth at the end of 2012.

This outlook assumes the economy will not incur sharp across-the-board federal tax increases or spending cuts in 2013 and that income tax rates rise only for higher income households.

THE NATION — IMPROVING AMID CONSIDERABLE UNCERTAINTY

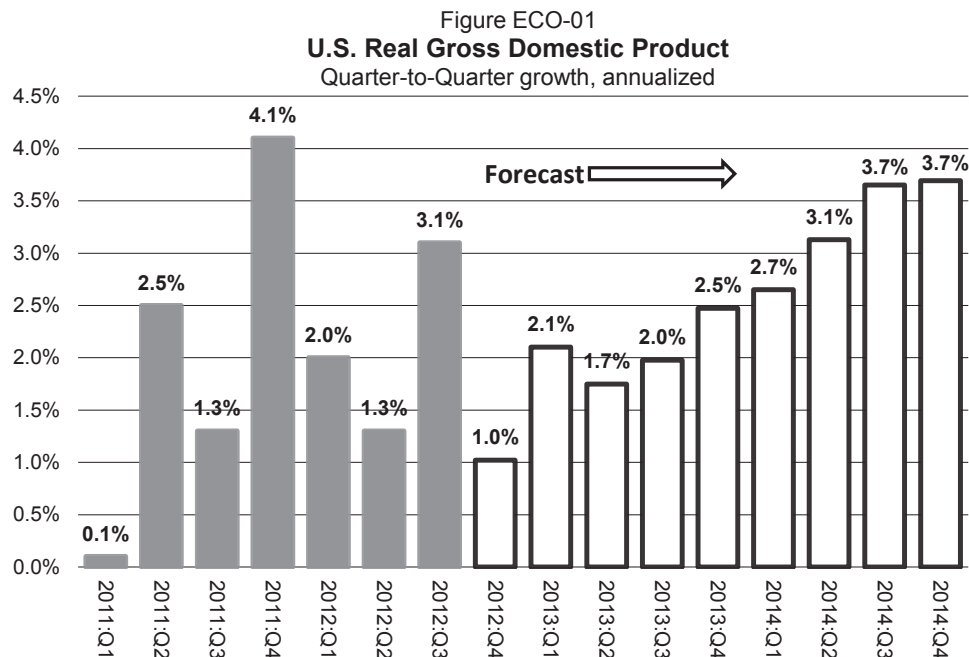
The nation continues to recover at a slow but steady pace. In addition to real estate, improvements are evident in such sectors as business services, leisure and hospitality, and natural resource extraction. Household formation is recovering in spite of modest employment growth. The demand for housing has spread from rental housing to owner-occupied homes. Home prices have improved in nearly all of the nation's major metropolitan areas. This improvement has improved consumer attitudes.

ECONOMIC OUTLOOK

Job growth accelerated after a mid-year slowdown. The nation added nearly 158,000 jobs each month on average from July through November of 2012, compared to adding 153,000 jobs per month on average during 2011. In light of this modest improvement, the nation's unemployment rate fell toward the end of the year.

Consumer confidence improved steadily in the latter months of 2012. In November, consumer confidence was lifted to its highest level since February 2008.

This improvement translated into stronger consumer spending. In the third quarter of 2012, consumer spending rose by 1.6 percent and contributed 1.1 percentage points to overall Gross Domestic Product growth (Figure ECO-01). In November, retail sales were 3.7 percent above the level a year ago.



Source: U.S. Bureau of Economic Analysis; CA Department of Finance Governor's Budget Forecast

In contrast to these positive developments, the outlook of many businesses became more cautious in the latter half of the year due to a weaker global economy and rising uncertainty about federal fiscal policy changes. Capital equipment spending is expected to remain an important driver of economic growth, but its momentum weakened toward the end of 2012. For example, spending on equipment and software fell slightly in the

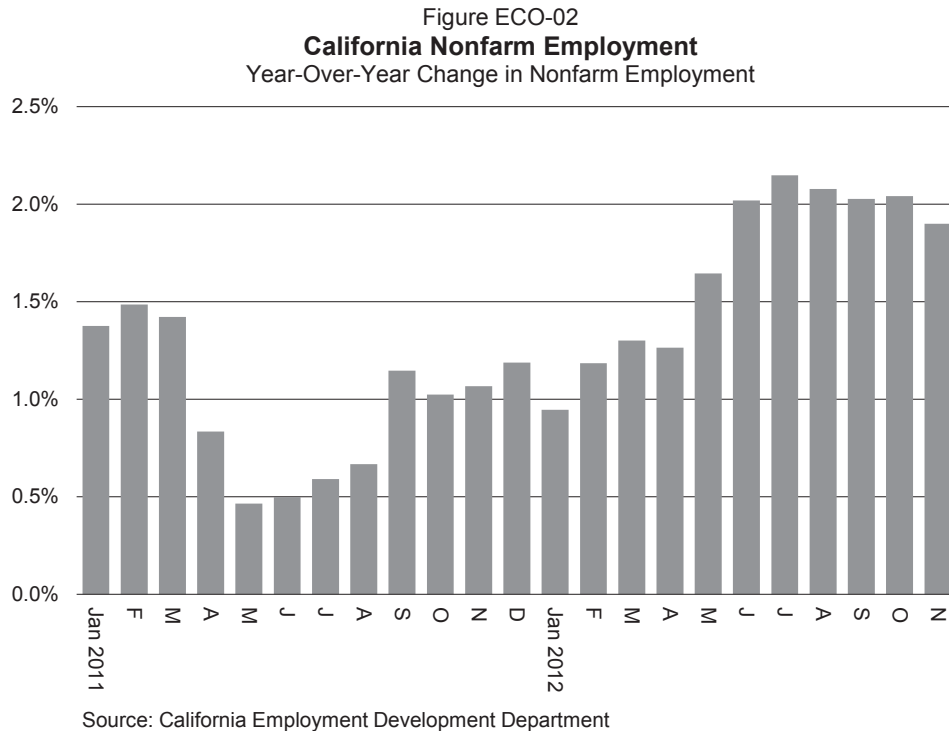
third quarter. The growth of industrial output slowed throughout 2012 and by the year's end was only growing modestly. After rebounding from the effects of Hurricane Sandy, industrial production in November rose 2.5 percent from a year earlier—a much weaker gain than occurred in 2011. Facing a slowing global economy and a strengthening dollar, export growth slowed in 2012. Near the end of the year, there were declines in exports of industrial supplies and materials, computers, motor vehicles and parts, and consumer durable goods.

CALIFORNIA—A RECOVERY FOR HOUSING

Similar to the nation, California is also in the midst of an economic recovery that is modest by historical standards. However, the state's recovery has also gathered momentum because of better real estate conditions, faster job growth, and improved consumer attitudes. The state's housing market recovery effectively began early in 2012. The median sales price of existing single-family homes sold during the first 10 months of 2012 rose nearly 9 percent from the same months of 2011. The pace of existing home sales also trended up during 2012. These gains were supported by significant reductions in foreclosure activity and limited inventories of homes available for sale. During the third quarter of 2012, the number of Notices of Default recorded on residential properties in California was down over 31 percent from a year earlier and was at the lowest level since the first quarter of 2007.

Employment gains improved in 2012, as shown in Figure ECO-02. During the first 11 months of the year, the state gained an average of 21,200 jobs per month, which is the strongest pace of job growth since 2005. Job growth came entirely from the private sector as government employment continued to decline throughout the year. Even though job gains included high-wage, high-technology industries such as computer systems design and scientific research and consulting, income growth moderated beginning with the last quarter of 2011. Total California personal income is projected to grow from \$1,645 billion in 2011 to \$1,728 billion in 2012. The growth in personal income included approximately \$7 billion in additional wages from the Facebook Initial Public Offering, which accounts for more than 8 percent of personal income growth in 2012.

California personal income has historically grown slightly faster than the nation's as a whole. From 1980 to 2011, California's total personal income grew 6.1 percent per year on average, while the national income grew 6 percent. Over that time, California's personal income has become more concentrated. In 2010, the wealthiest 1 percent of income earners accounted for 21 percent of adjusted gross income compared to 10 percent in 1980.



Consumer spending in California also improved in 2012. Taxable retail sales during the first half of 2012 grew 8.8 percent from the same period in 2011. New motor vehicle registrations issued during the first 10 months of 2012 increased over 25 percent from the same months of 2011.

Since the recovery began in 2009, California's economic growth has been dominated by high-technology and export-oriented industries located predominantly in major coastal metropolitan areas. However, in 2012, growth spread to other sectors and regions, thus improving economic conditions throughout the state. During the first 10 months of 2012, 23 of the state's 28 metropolitan areas added jobs. By contrast, only one area posted a job gain in 2010 and only 19 did in 2011. Home prices are recovering in most regions, including many of those that were hardest hit by the housing collapse, such as the Inland Empire and the Central Valley.

California's recovery was initially driven by growing business activity and investment. This trend slowed in 2012 due to China's economic slowdown, concerns about European economic troubles, and rising uncertainty about federal fiscal policies. This has been counterbalanced, however, by better consumer spending and attitudes that resulted from improvements in real estate conditions and modest but consistent job growth.

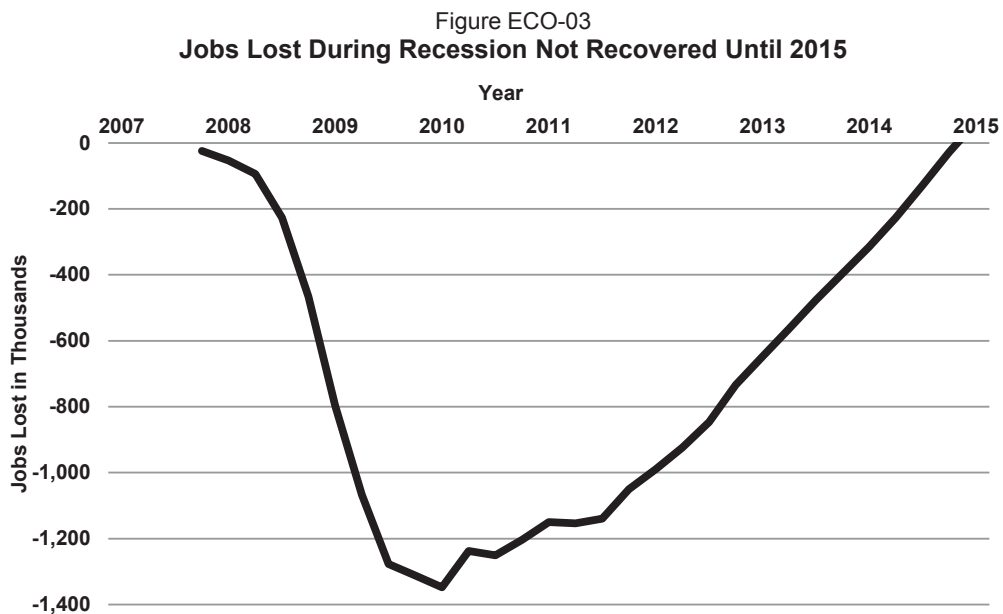
THE FORECAST

Both the national and state economies will continue to grow at moderate paces. This forecast assumes that a recession potentially caused by federal fiscal policies is avoided, economic growth in Europe stabilizes, and China and other emerging market economies improve.

According to the Index of Leading Indicators, the economy should continue to expand at a moderate pace in the near future. The Index is a widely followed economic indicator based on the average of ten economic statistics used to predict the direction of the economy over the next six to nine months. It is generally considered to be a good predictor of recessions and recoveries.

The turnaround of the nation's housing markets coupled with accelerating job growth has strengthened the recovery. As uncertainty over fiscal policy lessens, national economic growth is expected to reaccelerate in the latter half of 2013. Real Gross Domestic Product is forecast to grow 1.8 percent in 2013, 2.8 percent in 2014, and 3.4 percent in 2015.

California's recovery is also expected to improve, with home building and job growth. Nonfarm employment is projected to grow 2.1 percent in 2013, 2.4 percent in 2014, and 2.5 percent in 2015. As shown in Figure ECO-03, California should recover the jobs lost during the recession in the second quarter of 2015, which is two quarters earlier than



ECONOMIC OUTLOOK

projected in the prior forecast. Total California personal income is projected to grow by \$83 billion or 5.1 percent in 2012.

The principal risk to this outlook is the potential impact of a series of automatic federal tax increases and spending cuts that were set to take effect early in 2013 and the effect of federal actions regarding the debt limit. The forecast, developed in early December, assumed that the federal income tax rate for households earning more than \$250,000 per year would return to pre-tax cut levels in 2013 and that payroll tax rates would not be raised at the beginning of 2013. Any effects of federal actions in early 2013 will be incorporated in the May Revision.

See Figure ECO-04 for highlights of the national and California forecasts.

Figure ECO-04
Selected Economic Data

United States	2012 (Estimated)	2013 (Projected)	2014 (Projected)
Real gross domestic product (percent change)	2.1	1.8	2.8
Personal consumption expenditures	1.9	2.0	2.6
Gross private domestic investment	9.1	6.4	10.0
Government purchases of goods and services	-1.5	-1.3	-1.2
GDP deflator (percent change)	1.8	1.7	1.5
GDP (current dollar, percent change)	4.0	3.5	4.3
Federal funds rate (percent)	0.1	0.1	0.1
Personal income (percent change)	3.5	3.8	4.8
Corporate profits before taxes (percent change)	5.9	0.3	0.7
Nonfarm wage and salary employment (millions)	133.3	135.2	137.4
(percent change)	1.4	1.5	1.6
Unemployment rate (percent)	8.1	7.8	7.4
Housing starts (millions)	0.8	1.0	1.3
(percent change)	25.3	27.9	31.4
New car sales (millions)	14.4	15.0	15.6
(percent change)	12.8	4.6	3.7
Consumer price index (1982-84=100)	229.8	234.0	238.6
(percent change)	2.1	1.9	2.0
California			
Civilian labor force (thousands)	18,437.4	18,562.6	18,757.8
(percent change)	0.3	0.7	1.1
Civilian employment (thousands)	16,488.9	16,780.0	17,117.6
(percent change)	1.6	1.8	2.0
Unemployment (thousands)	1,948.6	1,782.6	1,640.1
(percent change)	-9.8	-8.5	-8.0
Unemployment rate (percent)	10.6	9.6	8.7
Nonfarm wage and salary employment (thousands)	14,371.3	14,673.9	15,020.1
(percent change)	2.0	2.1	2.4
Personal income (billions)	1,728.4	1,802.0	1,900.3
(percent change)	5.1	4.3	5.5
Housing units authorized (thousands)	56.9	81.2	123.0
(percent change)	21.7	42.7	51.6
Corporate profits before taxes (billions)	168.3	180.1	185.7
(percent change)	4.6	7.0	3.1
New auto registrations (thousands)	1,352.3	1,441.3	1,542.9
(percent change)	15.2	6.6	7.0
Total taxable sales (billions)	558.5	592.7	634.6
(percent change)	7.8	6.1	7.1
Consumer price index (1982-84=100)	238.4	243.2	248.3
(percent change)	2.3	2.0	2.1

Note: Percentage changes calculated from unrounded data.

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REVENUE ESTIMATES

Continued moderate growth in California's economy is expected to produce an improvement in General Fund revenue through the period covered by the Budget. In addition to improving economic conditions, the passage of Proposition 30, The Schools and Local Public Safety Protection Act of 2012, and Proposition 39, The California Clean Energy Jobs Act, increased revenue since the 2012 Budget Act. Together, Propositions 30 and 39 are expected to generate \$3.2 billion of General Fund revenue in 2012-13, or 3.3 percent of total General Fund revenue, and a total of \$5.8 billion of General Fund revenue in 2013-14, or 5.9 percent of total General Fund revenue.

- Proposition 30 is estimated to increase Personal Income Tax revenues by \$3.2 billion in 2011-12, \$4.8 billion in 2012-13, and \$4.9 billion in 2013-14. It is estimated to increase Sales and Use Tax revenues by \$611 million in 2012-13 and \$1.3 billion in 2013-14.
- Proposition 39 is estimated to increase Corporation Tax revenue by \$440 million in 2012-13 and \$900 million in 2013-14.

Figure REV-01 displays the forecast changes between the 2012 Budget Act and the 2013 budget forecast. Revenue is expected to be \$95.4 billion in 2012-13 and \$98.5 billion in 2013-14. Over the budget window, this is an increase of \$2.1 billion, due primarily to a higher forecast for Personal Income Tax. Sales Tax revenue is projected to increase slightly relative to the 2012 Budget Act, while expected Corporate Tax revenues have dropped, even with the additional revenue from Proposition 39. Revenue for 2012-13

Figure REV-01
2013-14 Governor's Budget
General Fund Revenue Forecast
Summary Table
Reconciliation with the 2012-13 Budget Act
(Dollars in Millions)

Source	Budget Act	Governor's Budget (a)	Change From Budget Act Forecast	
<u>Fiscal 11-12: Preliminary</u>				
Personal Income Tax	\$52,958	\$53,836	\$878	1.7%
Sales & Use Tax	18,921	18,652	-\$269	-1.4%
Corporation Tax (b)	8,208	7,949	-\$259	-3.2%
Insurance Tax	2,148	2,165	\$17	0.8%
Vehicle License Fees	70	70	\$0	0.0%
Alcoholic Beverage	331	346	\$15	4.5%
Cigarette	93	95	\$2	2.2%
Other Revenues	2,316	2,448	\$132	5.7%
Transfers	1,784	1,509	-\$275	-15.4%
Total	\$86,830	\$87,071	241	0.3%
<u>Fiscal 12-13</u>				
Personal Income Tax	\$60,268	\$60,647	\$379	0.6%
Sales & Use Tax	20,605	20,714	\$109	0.5%
Corporation Tax (b)	8,488	7,580	-\$908	-10.7%
Insurance Tax	2,089	2,022	-\$67	-3.2%
Vehicle License Fees	3	4	\$1	33.3%
Alcoholic Beverage	337	320	-\$17	-5.0%
Cigarette	90	91	\$1	1.1%
Other Revenues (c)	2,419	2,216	-\$202	-8.4%
Transfers	1,588	1,800	\$212	13.3%
Total	\$95,887	\$95,394	-493	-0.5%
Change from Fiscal 11-12	\$9,057	\$8,323		
% Change from Fiscal 11-12	10.4%	9.6%		
<u>Fiscal 13-14</u>				
Personal Income Tax	\$60,234	\$61,747	\$1,513	2.5%
Sales & Use Tax	23,006	23,264	\$258	1.1%
Corporation Tax (b)	8,931	9,130	\$199	2.2%
Insurance Tax	2,110	2,198	\$88	4.2%
Vehicle License Fees	0	0	\$0	---
Alcoholic Beverage	343	326	-\$17	-5.0%
Cigarette	87	89	\$2	2.3%
Other Revenues (c)	2,709	1,770	-\$939	-34.7%
Transfers	-1,303	-23	\$1,280	-98.2%
Total	\$96,117	\$98,501	2,384	2.5%
Change from Fiscal 12-13	\$230	\$3,106		
% Change from Fiscal 12-13	0.2%	3.3%		
Three-Year Total			\$2,132	

(a) For purposes of this table, and throughout this chapter, revenue raised through Proposition 30 and transferred into the Education Protection Account are counted as part of General Fund revenue.

(b) The Corporation Tax forecast for the Governor's Budget includes the impact of Proposition 39, which requires multi-state corporations to use the single sales factor method of apportionment. The proposition is expected to generate additional revenue of \$440 million in 2012-13 and \$900 million in 2013-14. This revenue was not included in the Budget Act forecast.

(c) Other Revenues includes revenue from the state's pick-up estate tax. The Federal Estate Tax, to which the state's tax is linked, was presumed to be reinstated on January 1, 2013. As such the estate tax was estimated to generate \$45 million of General Fund revenue in 2012-13 and \$290 million of General Fund revenue in 2013-14. However, given federal uncertainty, the Budget did not assume any net revenue from the estate tax.

is forecast to be lower than was previously forecast by \$493 million. If the additional revenue from Proposition 39 is backed out, the 2012-13 General Fund revenue forecast is \$933 million below the previous forecast. Revenue for 2013-14 is forecast to be about \$2.4 billion greater than the amount forecast at the time of the 2012 Budget Act. When the revenue from Proposition 39 is backed out, the 2013-14 General Fund revenue forecast is \$1.5 billion above the amount forecast for the 2012 Budget Act. The \$98.5 billion in General Fund revenue forecast for 2013-14 is still \$4 billion less than the General Fund revenue of \$102.6 billion received in 2007-08, the state's peak revenue year.

The forecast includes a shift of capital gains, dividends, and wages from 2013 into 2012 as a result of the expected increase in federal tax rates. The Budget forecast was prepared in early December, before individuals and corporations made final withholding and estimated payments for the 2012 tax year, and before consumers completed their December purchases. The timing of these receipts, coupled with newly enacted changes to the tax system, including Propositions 30 and 39, can have a large impact on state revenues. Additionally, this forecast was finalized before any steps were taken at the federal level to address the pending automatic federal tax increases and automatic spending reductions. The manner in which that situation is resolved could have a significant impact on the nation's and the state's economic recovery, and on expected revenue. The May Revision forecast will reflect more current information, including April tax receipts.

LONG-TERM FORECAST

Figure REV-02 shows the forecast for the three largest General Fund revenues from 2011-12 through 2016-17. Total General Fund revenue from these sources is expected to grow from \$80.4 billion in 2011-12 to \$113.2 billion in 2016-17. The average year-over-year growth rate for this period is 4.8 percent.

The economic forecast reflects modest but steady growth over the next five years. The projected average growth rate in Gross Domestic Product over the next five years is 2.7 percent, a slightly slower rate than normal for an economic expansion. With the exception of a decrease in the forecast of proprietors' income and national corporate profits, most key drivers of the revenue forecast, such as total personal income, unemployment rate, wages, and the S&P 500, are projected to be slightly improved in both the short- and long-term compared to projected levels or growth rates for the Budget Act forecast.

Figure REV-02

Long-Term Revenue Forecast - Three Largest Sources

(General Fund Revenue - Dollars in Billions)

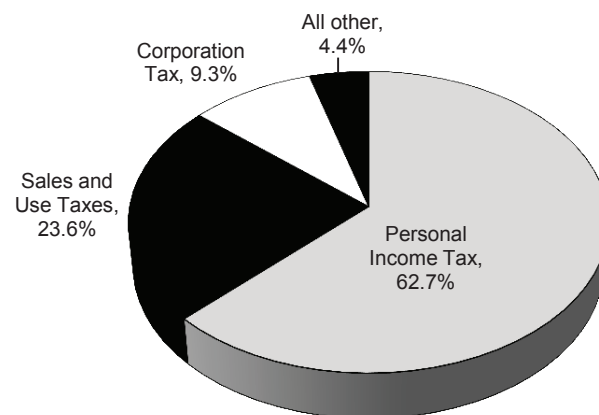
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	average year over year growth
Personal Income Tax	\$53.8	\$60.6	\$61.7	\$67.6	\$72.0	\$75.3	7.3%
Sales and Use Tax (a)	\$18.7	\$20.7	\$23.3	\$24.9	\$26.7	\$27.3	1.5%
Corporation Tax	\$7.9	\$7.6	\$9.1	\$9.7	\$10.2	\$10.6	2.3%
Total	\$80.4	\$88.9	\$94.1	\$102.1	\$108.9	\$113.2	4.8%
Growth	-6.5%	10.6%	5.8%	8.5%	6.6%	4.0%	

(a) Includes 2011 Realignment of General Fund revenues to locals.

The total revenue generated by these three sources has grown at an average annual rate of 4.5 percent since 1987. This forecast estimates an increase in General Fund revenue of 10.6 percent in 2012-13, 5.8 percent in 2013-14, 8.5 percent in 2014-15, and 6.6 percent in 2015-16. This year-to-year growth pattern reflects, in part, the expiration of temporary taxes and the potential behavioral impact of federal tax law changes, as well as the phase-in of recent tax law changes.

GENERAL FUND REVENUE

In 2013-14, General Fund revenues and transfers represent 71 percent of total revenues reported in the Budget. Figure REV-03 shows the breakdown of General Fund revenues by taxation type. The remaining 29 percent consists of special fund revenues dedicated to specific programs.

Figure REV-03
2013-14 General Fund Revenues and Transfers = \$98.5 Billion

PERSONAL INCOME TAX

The Personal Income Tax (PIT) is the state's largest single revenue source, accounting for 62.7 percent of all General Fund revenues and transfers in 2013-14.

Proposition 30 created three new income tax brackets for families with rates of 10.3 percent for taxable income above \$500,000, 11.3 percent for taxable income above \$600,000, and 12.3 percent for taxable income above \$1,000,000. These new tax brackets are scheduled to be in effect for seven years—tax years 2012 to 2018. Modeled closely on the federal income tax law, California's PIT is imposed on net taxable income—gross income less exclusions and deductions. The tax rate structure is progressive over much of the income spectrum. For the 2011 tax year, the marginal rates ranged from 1 percent to 9.3 percent. From 2012 to 2018, the highest marginal rate will be 12.3 percent.

Income ranges for all tax rates are adjusted annually by the change in the California Consumer Price Index. This prevents taxpayers from moving into higher tax brackets because of inflation without an increase in real income. For the 2012 tax year, this adjustment was a 1.9 percent increase. For the 2013 tax year, the adjustment is projected to be an increase of 2.1 percent. The largest income source for the PIT is wages and salaries. In 2010, taxes attributable to wages and salaries accounted for over 63 percent of PIT revenues. Based on the economic forecast, wages and salaries are expected to rise by an average of 6.2 percent in 2012, followed by 4.6 percent growth in 2013, and 5.7 percent in 2014.

The highest income Californians pay a large share of the state's PIT taxes. For the 2010 tax year, the top 1 percent of income earners paid 40.9 percent of PIT taxes, down from the recent high of 48.1 percent in 2007. The share of total adjusted gross income for this top 1 percent group has increased from 13.8 percent in 1993, to 21.3 percent in 2010. Changes in the income of a relatively small group of taxpayers can have a significant impact on state revenues. In particular, capital gains income is concentrated among the high income earners and can fluctuate significantly from year to year. In the period from 2003 to 2007, capital gains realizations almost tripled from \$45.6 billion to \$132 billion. Over the next two years they fell to \$28.8 billion. Gains from that low point increased 92 percent in 2010 and are estimated to have increased another 23 percent to \$68 billion in 2011, just over half of what they were at the peak. Capital gains are expected to see continued growth in the coming years, rising to \$83 billion by 2014. Figure REV-04 shows the portion of General Fund revenues from capital gains.

Figure REV-04
Capital Gains
As a Percent of General Fund Revenues
(Dollars in Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^p	2012 ^e	2013 ^e
Capital Gains Realizations	\$45.6	\$75.5	\$112.4	\$117.9	\$132.0	\$56.3	\$28.8	\$55.3	\$68.0	\$87.1	\$62.7
Capital Gains Tax	\$4.1	\$6.8	\$10.1	\$10.6	\$11.9	\$5.1	\$2.6	\$5.0	\$6.1	\$8.7	\$6.3
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Total General Fund Revenues and Transfers	\$74.9	\$82.2	\$93.5	\$95.5	\$99.2	\$82.8	\$87.0	\$93.4	\$87.1	\$95.4	\$98.5
Capital Gains Tax as Percent of General Fund Revenues & Transfers	5.5%	8.3%	10.8%	11.1%	12.0%	6.1%	3.0%	5.3%	7.0%	9.1%	6.4%

^p Preliminary

^e Estimated

Note: Totals may not add due to rounding and exclude revenues from economic recovery bonds.

Consistent with current law, the Budget reflects the potential behavioral impacts of federal tax law changes. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 reduced taxes for dividend income, capital gains, and other income. These tax reductions were set to expire after 2010. However, late in 2010, they were extended through 2012. In addition, a 3.8 percent surtax on specified unearned income will go into effect on January 1, 2013. The Budget assumes that in 2012 some taxpayers will respond to the potential rate changes by accelerating 20 percent of 2013 capital gains into 2012. It is also assumed that 10 percent of 2013 dividends and 1.1 percent of wages will be accelerated to 2012. These changes are projected to increase 2012-13 revenues by \$1.8 billion and to reduce 2013-14 revenues by a similar amount.

On May 18, 2012, Facebook, a California corporation, had an initial public offering (IPO) and began trading on the public market. As a result of the Facebook IPO, the Department of Finance prepared estimates for the California PIT revenues related to the sales of stock at the IPO by early investors, the exercise of options at the IPO, the vesting of restricted stock units beginning about six months following the IPO, and the potential exercise of certain stock options following the IPO. Revenues from these sources is estimated to be around \$1.3 billion over the three fiscal years from 2011-12 to 2013-14, with the majority in 2012-13 and already received. Sales of stock by early investors, insiders, and employees occurring after the expiration of lock-up periods following the IPO are not included in this \$1.3 billion estimate. Based on lower than expected share prices, this estimate is down from the \$1.9 billion estimated at the time of the Budget Act.

A portion of PIT revenue is for dedicated purposes and deposited into a special fund instead of the General Fund. Proposition 63, passed in November 2004, imposes a surcharge of 1 percent on taxable income over \$1 million. Revenue from the surcharge is transferred to the Mental Health Services Fund and used to fund mental health service programs. Revenues of \$1.2 billion are estimated for the 2011-12 fiscal year. Annual revenues of \$1.3 billion for 2012-13, and \$1.2 billion for 2013-14 are projected. The General Fund and the Mental Health Services Fund shares of PIT revenues for 2011-12 through 2013-14 are shown in Figure REV-05.

Figure REV-05
Personal Income Tax Revenue
 (Dollars in Thousands)

	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
General Fund	\$53,836,409	\$60,647,000	\$61,746,816
Mental Health Services Fund	1,188,026	1,349,000	1,194,000
Total	\$55,024,435	\$61,996,000	\$62,940,816

SALES AND USE TAX

The Sales and Use Tax (sales tax) is expected to generate General Fund revenues of \$20.7 billion in 2012-13 and \$23.3 billion in 2013-14. Receipts from the sales tax, the state's second largest revenue source, are expected to contribute 23.6 percent of all General Fund revenues and transfers in 2013-14.

- Beginning in fiscal year 2012-13, the figures include forecasted revenue related to the recent passage of Proposition 30, which increased the sales tax rate by 0.25 percentage point from January 1, 2013, to December 31, 2016.
- Effective September 15, 2012, the state modified the application of the use tax by expanding the definition of a "retailer engaged in business in this state". Specifically, this law imposes a use tax collection responsibility for certain out-of-state retailers, particularly internet retailers, who meet specified criteria. The Budget assumes \$107 million in General Fund revenue for 2012-13, and \$150 million for 2013-14 due to this law change.

Figure REV-06 displays total Sales and Use Tax revenues for the General Fund, and various special funds, for 2011-12 through 2013-14.

Figure REV-06
Sales Tax Revenue
(Dollars in Thousands)

	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
General Fund	\$18,652,000	\$20,714,000	\$23,264,000
Sales and Use Tax-1991 Realignment	2,696,778	2,858,693	3,057,816
Sales and Use Tax-2011 Realignment	5,286,295	5,508,134	5,924,240
Public Transportation Account	588,803	635,759	610,777
Economic Recovery Fund	1,312,362	1,399,700	1,496,100
Total	\$28,536,238	\$31,116,286	\$34,352,933

Figure REV-07 displays the individual elements of the state and local sales tax rates.

Figure REV-08 shows combined state and local tax rates for each county including special rates for certain cities within those counties.

General Fund revenues beginning in 2010-11 do not include any sales taxes collected from the sale of gasoline because of the fuel tax swap implemented on July 1, 2010, which exempted fuel sales from the General Fund portion of the sales tax (see the Motor Vehicles Fuel Tax section).

Taxable sales, including sales of gasoline, increased by 7.7 percent in 2010-11. Based on preliminary data, it is estimated that taxable sales have increased by 8.3 percent in 2011-12. Growth is expected to continue at 6 percent in 2012-13, followed by 7 percent in 2013-14.

Through the first two quarters of calendar year 2011, the largest contributors to the sales tax base were wholesale trade at 11.5 percent, gasoline stations at 11 percent, and food services and establishments serving alcoholic beverages at 10.8 percent. Other significant contributors to the sales tax base include sales by motor vehicle and parts dealers at 10.5 percent and general merchandise stores at 8.8 percent.

Approximately two-thirds of the sales tax is related to consumer spending and paid by households. Such purchases are influenced by employment trends and interest rates. Given that much of the sales tax base is comprised of nonessential purchases that can be postponed or cancelled, consumer confidence can have a significant impact on sales tax revenues. The remaining approximately one-third of the sales tax is paid on purchases by businesses. This component, too, is governed by businesses' perceptions of economic

Figure REV-07

2012-13 State and Local Sales and Use Tax Rates (as of January 1, 2013)

State Rates		
General Fund	4.19%	The permanent rate of 3.94% may be temporarily reduced by 0.25% if General Fund reserves exceed specified levels. As of January 1, 2013, Proposition 30 temporarily adds 0.25 percent to the General Fund rate.
Local Revenue Fund 2011	1.06%	Revenues attributable to a rate of 1.0625 percent is dedicated to the Local Revenue Fund 2011.
Local Revenue Fund	0.50%	Dedicated to local governments to fund health and social services programs transferred to counties as part of 1991 state-local realignment.
Economic Recovery Fund	0.25%	Beginning on July 1, 2004, a temporary 0.25% state sales tax rate was imposed, with a corresponding decrease in the Bradley-Burns rate. These revenues are dedicated to repayment of Economic Recovery Bonds. Once these bonds are repaid, this tax will sunset and the Bradley-Burns rate will return to 1%.
Local Uniform Rates¹		
Bradley-Burns	0.75% ²	Imposed by city and county ordinance for general purpose use. ³
Transportation Rate	0.25%	Dedicated for county transportation purposes.
Local Public Safety Fund	0.50%	Dedicated to cities and counties for public safety purposes. This rate was imposed temporarily by statute in 1993 and made permanent by the voters later that year through passage of Proposition 172.
Local Add-on Rates⁴		
Transactions and Use Taxes	up to 2.00%	May be levied in 0.125% or 0.25% increments ⁵ up to a combined maximum of 2.00% in any county. ⁶ Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters.

¹ These locally-imposed taxes are collected by the state for each county and city and are not included in the state's revenue totals.

² The 1 percent rate was temporarily decreased by 0.25 percent on July 1, 2004, and a new temporary 0.25 percent tax imposed to repay Economic Recovery Bonds. Cities and counties will receive additional property tax revenues equal to the 0.25 percent local sales tax reduction.

³ The city tax constitutes a credit against the county tax. The combined rate is never more than 1 percent in any area (or 0.75 percent during the period when Economic Recovery Bonds are being repaid).

⁴ These taxes may be imposed by voters in cities, counties, or special districts. The revenues are collected by the state for each jurisdiction and are not included in the state's revenue totals.

⁵ Increments imposed at 0.125 percent are only allowed when revenues are dedicated for library purposes.

⁶ An exception to the 2 percent maximum is Los Angeles County, which may impose up to 2.5 percent.

conditions and the need for additional equipment acquisitions and other capital purchases. Sales and Use Tax revenues are forecast by relating taxable sales to economic factors such as income, employment, housing starts, new vehicle sales, and inflation.

Figure REV-08
Combined State and Local Sales and Use Tax Rates by County
 (Rates in Effect on January 1, 2013)

County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda ^{1/}	9.00%	Madera	8.00%	San Joaquin ^{23/}	8.00%
Alpine	7.50%	Marin ^{11/}	8.25%	San Luis Obispo ^{24/}	7.50%
Amador	8.00%	Mariposa	8.00%	San Mateo ^{25/}	8.50%
Butte	7.50%	Mendocino ^{12/}	7.625%	Santa Barbara ^{26/}	8.00%
Calaveras	7.50%	Merced ^{13/}	7.50%	Santa Clara ^{27/}	8.625%
Colusa ^{2/}	7.50%	Modoc	7.50%	Santa Cruz ^{28/}	8.25%
Contra Costa ^{3/}	8.50%	Mono ^{14/}	7.50%	Shasta	7.50%
Del Norte	7.50%	Monterey ^{15/}	7.50%	Sierra	7.50%
El Dorado ^{4/}	7.50%	Napa	8.00%	Siskiyou ^{29/}	7.50%
Fresno ^{5/}	8.225%	Nevada ^{16/}	7.625%	Solano ^{30/}	7.625%
Glenn	7.50%	Orange ^{17/}	8.00%	Sonoma ^{31/}	8.25%
Humboldt ^{6/}	7.50%	Placer	7.50%	Stanislaus ^{32/}	7.625%
Imperial ^{7/}	8.00%	Plumas	7.50%	Sutter	7.50%
Inyo	8.00%	Riverside ^{18/}	8.00%	Tehama	7.50%
Kern ^{8/}	7.50%	Sacramento ^{19/}	8.00%	Trinity	7.50%
Kings	7.50%	San Benito ^{20/}	7.50%	Tulare ^{33/}	8.00%
Lake ^{9/}	7.50%	San Bernardino ^{21/}	8.00%	Tuolumne ^{34/}	7.50%
Lassen	7.50%	San Diego ^{22/}	8.00%	Ventura ^{35/}	7.50%
Los Angeles ^{10/}	9.00%	San Francisco	8.75%	Yolo ^{36/}	7.50%
				Yuba ^{37/}	7.50%

^{1/} 9.25% for sales in the City of San Leandro and 9.50% for sales in the City of Union City.

^{2/} 8.00% for sales in the City of Williams.

^{3/} 9.00% for sales in the Cities of Concord, Hercules, Pinole, Pittsburg, Richmond and San Pablo and 9.50% in the City of El Cerrito.

^{4/} 8.00% for sales in the Cities of Placerville and South Lake Tahoe.

^{5/} 8.725% for sales in the Cities of Reedley and Selma and 8.975% for sales in the City of Sanger.

^{6/} 8.25% for sales in the Cities of Arcata, Eureka and Trinidad.

^{7/} 8.50% for sales in the City of Calixico.

^{8/} 8.25% for sales in Ridgecrest and 8.50% for sales in the Cities of Arvin and Delano

^{9/} 8.00% for sales in the City of Clearlake and the City of Lakeport.

^{10/} 9.50% for sales in the Cities of Avalon, El Monte, Inglewood, Santa Monica, and South El Monte and 10.00% for sales in Pico Rivera and South Gate.

^{11/} 8.75% for sales in the Cities of Fairfax, Novato, and San Rafael.

^{12/} 8.125% for sales in the Cities of Point Arena, Ukiah, and Willits and 8.625% for sales in the City of Fort Bragg.

^{13/} 8.00% for sales in the Cities of Gustine, Los Banos, and Merced.

^{14/} 8.00% for sales in the City of Mammoth Lakes.

^{15/} 8.00% for sales in the Cities of Salinas and Sand City and 8.50% in the Cities of Del Rey Oaks, Greenfield, Marina, Pacific Grove, Seaside, and Soledad.

^{16/} 8.125% for sales in the Cities of Nevada City and Truckee.

^{17/} 8.50% for sales in the City of La Habra.

^{18/} 9.00% for sales in the Cities of Cathedral City and Palm Springs.

^{19/} 8.50% for sales in the City of Galt.

^{20/} 8.25% for sales in the City of San Juan Bautista and 8.50% for sales in the City of Hollister.

^{21/} 8.25% for sales in the City of Montclair and the City of San Bernardino.

^{22/} 8.50% for sales in the City of Vista, 8.75% for the City of La Mesa, and 9.00% for sales in the Cities of El Cajon and National City.

^{23/} 8.25% for sales in the City of Stockton and 8.50% for sales in the Cities of Manteca and Tracy.

^{24/} 8.00% for sales in the Cities of Arroyo Grande, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo.

^{25/} 8.75% for sales in the City San Mateo.

^{26/} 8.25% for sales in the City of Santa Maria.

^{27/} 8.875% for sales in the City of Campbell.

^{28/} 8.50% for sales in the Cities of Capitola and Watsonville and 8.75% for sales in the City of Santa Cruz.

^{30/} 8.625% for sales in the City of Vallejo.

^{31/} 8.50% for sales in the City of Sebastopol and 8.75% for Cotati, Rohnert Park, Santa Rosa, and Sonoma.

^{32/} 8.125% for sales in the City of Ceres and Oakdale.

^{33/} 8.25% for sales in the City of Visalia, 8.50% for sales in the Cities of Farmersville, Porterville, and Tulare as well as 8.750% for sales in the city of Dinuba.

^{34/} 8.00% for sales in the City of Sonora.

^{35/} 8.00% for sales in the Cities of Oxnard and Port Huememe.

^{36/} 8.00% for sales in the Cities of West Sacramento and Davis and 8.25% for sales in the City of Woodland.

^{37/} 8.00% for sales in the City of Wheatland.

CORPORATION TAX

Corporation Tax revenues are expected to contribute 9.3 percent of all General Fund revenues and transfers in 2013-14. Corporation Tax revenues were \$7.9 billion in 2011-12 and are expected to decline by 4.6 percent to \$7.6 billion in 2012-13. In 2013-14, they are expected to increase by 20.5 percent to \$9.1 billion. The 2013-14 revenues show more growth, in part, because of the passage of Proposition 39 (discussed below). Corporation Tax revenue is significantly affected by various tax law changes – primarily tax credits and income apportionment rules – that have been adopted in the last 25 years.

Most recently, the ability of taxpayers to elect single sales factor apportionment became operative for tax years beginning on or after January 1, 2011. Multi-state businesses could determine California taxable income based on one of two methods that they deem most advantageous to them: (1) an apportioning formula which factors in their sales, property, and employees in this state, or (2) one based only on sales in California—frequently referred to as the single sales factor formula. The ability of corporations to use this election has had a significant negative impact on Corporation Tax revenue. Under Proposition 39, beginning in January 2013, most multi-state businesses are required to determine taxable income attributable to California using the single sales factor formula. Proposition 39 also removes a loophole that allowed some corporations to source their sales of services and intangibles to the state in which the majority of the work to produce that service or intangible was performed. Under Proposition 39, almost all taxpayers are required to source their sales of services and intangibles to the state into which the service or intangible is sold.

From 1943 through 1985, Corporation Tax liability as a percentage of profits closely tracked the corporation tax rate. Since 1986, increasing S-corporation activity and use of credits have been contributing to a divergence between profits and tax liability growth. Businesses that elect to form as S-corporations pay a reduced corporate rate, with the income and tax liability on that income passed through to owners and thus shifted to the personal income tax.

ENTERPRISE ZONE REGULATORY REFORM

The Budget includes savings relating to new regulations for the Enterprise Zone program. The proposed regulations will accomplish the following reforms:

- Limit retrovouchering by requiring all voucher applications to be made within one year of the date of hire.

- Require third party verification of employee residence within a Targeted Employment Area.
- Streamline the vouchering process for hiring veterans and recipients of public assistance.
- Create stricter zone audit procedures and audit failure procedures.

These regulatory reforms will primarily affect Corporation Tax revenue, but will also have an impact on Personal Income Tax revenue. The regulations, in total, are expected to increase General Fund revenue by \$10 million in 2012-13 and \$50 million in 2013-14. The Administration will be pursuing further Enterprise Zone reform through legislation.

INSURANCE TAX

Most insurance policies written in California are subject to a 2.35 percent gross premiums tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. In general, the basis of the tax is the amount of "gross premiums" received, less return premiums.

To provide funding for the Healthy Families and Medi-Cal programs, Chapter 11, Statutes of 2011 (AB 21) expanded the 2.35 percent gross premiums tax to the Medi-Cal managed care plans through June 30, 2012. The Budget proposes to reauthorize this tax on Medi-Cal managed care plans permanently, retroactive to July 1, 2012. Additionally, the Budget proposes to extend the Hospital Quality Assurance Fee until December 31, 2016. The fee, which is set to expire on December 31, 2013, provides funds for supplemental payments to hospitals and also provides some funding to offset the costs of health care coverage for children in the Medi-Cal program.

Figure REV-09 displays the distribution of total Insurance Tax revenues from 2011-12 through 2013-14.

The Department of Finance conducts an annual survey to project insurance premium growth. Responses were received this year from a sample representing about 46 percent of the dollar value of premiums written in California.

In 2011, \$120.2 billion in taxable premiums were reported, representing an increase of 5 percent from 2010. The most recent survey indicates that total premiums will increase by 2 percent and 2.8 percent in 2012 and 2013, respectively. Survey respondents also reported 10.6 percent and 6.4 percent growth for taxable premiums from workers'

compensation insurance in 2012 and 2013 respectively. The primary reason for the decline in the Insurance Tax revenue estimate from 2011-12 to 2012-13 is refunds that are expected to be paid pursuant to a Board of Equalization decision in the *California Automobile Insurance Company* case. These refunds are also expected to dampen 2013-14 revenue. The California Department of Insurance estimates that the refunds resulting from this decision will equal \$233 million in 2012-13 and \$149 million in 2013-14.

Figure REV-09
Insurance Tax Revenue
(Dollars in Millions)

	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
General Fund	\$2,165.0	\$2,022.0	\$2,198.0
Children's Health and Human Services Special Fund	251.1	364.3	484.7
Total	\$2,416.1	\$2,386.3	\$2,682.7

ALCOHOLIC BEVERAGE TAXES

In addition to the sales tax paid by retail purchasers, California levies an excise tax on distributors of beer, wine, and distilled spirits. The tax rates per gallon are applied as follows: (1) \$0.20 for beer, dry wine, and sweet wine, (2) \$0.30 for sparkling wine, and (3) \$3.30 for distilled spirits.

Alcoholic beverage revenue estimates are based on projections of total and per capita consumption for each type of beverage. Consumption of alcoholic beverages is expected to decline by about 7 percent in 2012-13 before returning to an almost 2 percent increase in 2013-14. Revenues from this tax were \$346 million in 2011-12 and are forecasted to be \$320 million in 2012-13 and \$326 million in 2013-14.

CIGARETTE TAX

The state imposes an excise tax of 87 cents per pack of 20 cigarettes on distributors selling cigarettes in California. An excise tax is also imposed on the distribution of other tobacco products such as cigars, chewing tobacco, pipe tobacco, and snuff. The rate on other tobacco products is calculated annually by the Board of Equalization based on the wholesale price of cigarettes and the excise tax on cigarettes.

Revenues from the tax on cigarettes and other tobacco products are distributed as follows:

- Ten cents of the per-pack tax is allocated to the General Fund.

REVENUE ESTIMATES

- Fifty cents of the per-pack tax, and an equivalent rate levied on non-cigarette tobacco products, goes to the California Children and Families First Trust Fund for distribution according to the provisions of Proposition 10 of 1998.
- Twenty-five cents of the per-pack tax, and an equivalent rate levied on non-cigarette tobacco products, is allocated to the Cigarette and Tobacco Products Surtax Fund for distribution as determined by Proposition 99 of 1988.
- Two cents of the per-pack tax is deposited into the Breast Cancer Fund.

Projections of Cigarette Tax revenues are based on projected per capita consumption of cigarettes and population growth, while revenue estimates for other tobacco products also rely on wholesale price data. The cumulative effect of product price increases, the increasingly restrictive environments for smokers, state anti-smoking campaigns funded by Proposition 99 Tobacco Tax and Health Protection Act revenues and revenues from the Master Tobacco Settlement, and the 2009 federal cigarette tax rate increase have reduced cigarette consumption considerably. This declining trend is expected to continue. Annual per

capita consumption (based on population ages 18-64) declined from 123 packs in 1989-90 to 84 packs in 1997-98 and 41 packs in 2011-12. This forecast assumes an annual decline in total consumption of approximately 3.6 percent.

Figure REV-10 shows the distribution of tax revenues for the General Fund and various special funds for 2011-12 through 2013-14.

Figure REV-10 Tobacco Tax Revenue (Dollars in Millions)			
	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
General Fund	\$95.0	\$91.0	\$89.0
Cigarette and Tobacco Products Surtax Fund	283.4	272.0	264.0
Breast Cancer Fund	18.8	18.0	18.0
California Children and Families First Trust Fund	498.5	481.0	466.0
Total	\$895.7	\$862.0	\$837.0

PROPERTY TAXES

Although the property tax is a local revenue source, the amount of property tax generated each year has a substantial impact on the state budget because local property tax revenues allocated to K-14 schools generally offset General Fund expenditures.

Assessed value growth is estimated based on twice-yearly surveys of county assessors and evaluations of real estate trends. Sales volumes and prices of new and existing homes and condominiums rose moderately from 2011 to 2012 (with activity in the 2012 calendar year driving fiscal year 2013-14 property tax revenues). This is the first time since 2005 that both sales volumes and prices have moved in a positive direction. This turnaround, coupled with a decline in the number of homes in foreclosure, indicates that the state's overall real estate market has stabilized, although there are still areas where sales volumes and property values continue to be flat or decline.

Statewide property tax revenues are estimated to increase 1 percent in 2012-13 and 2.5 percent in 2013-14. The base 1 percent rate is expected to generate roughly \$48.2 billion in revenue in 2013-14, of which roughly half (\$24.7 billion) will go to K-14 schools. Of this amount, approximately \$1.5 billion is shifted from schools to cities and counties to replace sales and use tax revenues redirected from those entities to repay the Economic Recovery Bonds, and approximately \$6.1 billion is shifted from schools to cities and counties to replace Vehicle License Fee (VLF) revenue losses stemming from the reduced VLF rate of 0.65 percent. The \$24.7 billion figure does not include additional property tax revenue that schools are expected to receive in 2013-14 from the former redevelopment agencies pursuant to Chapter 5, Statutes of 2011 (ABx1 26).

ESTATE/INHERITANCE/GIFT TAXES

Proposition 6, adopted in June 1982, repealed the inheritance and gift taxes and imposed a tax known as "the pick-up tax," because it was designed to pick up the maximum state credit allowed against the federal estate tax without increasing total taxes paid by the estate.

The federal Economic Growth and Tax Relief Reconciliation Act of 2001 phased out the federal estate tax by 2010. This Act reduced the state pick-up tax by 25 percent in 2002, 50 percent in 2003, 75 percent in 2004, and eliminated it beginning in 2005. The state "pick-up tax" was scheduled to resume in 2011. At the time the budget revenue forecast was developed, this issue was still being debated by Congress. There was substantial uncertainty as to whether the federal estate tax law would remain or be modified to eliminate or substantially reduce the state pick-up tax. The Budget does not reflect net revenues from the state pick-up tax.

OTHER REVENUES

INDIAN GAMING

The Budget reflects General Fund revenues from tribal gaming of \$369 million in 2011-12 and \$337 million in 2012-13 and 2013-14. This revenue includes approximately \$101 million that is transferred annually from a special deposit fund to the General Fund for certain transportation programs that would otherwise be funded with revenues from a bond sale yet to occur. Absent a bond sale, the Administration proposes to continue this funding arrangement through 2015-16.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The Budget reflects the repayment of loans, based on the operational needs of the programs requiring these repayments. In 2012-13, repayments are expected to be \$184.3 million, and repayments in 2013-14 are expected to be \$561.4 million.

SPECIAL FUND REVENUE

The California Constitution and state statutes specify into which funds certain revenues must be deposited and how they are to be spent.

Total special fund revenues are estimated to be \$38.1 billion in 2013-14. Taxes and fees related to motor vehicles are expected to comprise about 31 percent of all special fund revenue in 2013-14. The principal sources are motor vehicle fees (registration, weight, and vehicle license fees) and motor vehicle fuel taxes. During 2013-14, it is expected that about \$12 billion in revenues will be derived from the ownership or operation of motor vehicles. About 33 percent of all motor vehicle taxes and fees will be allocated to local governments, and the remaining portion will be used for state transportation programs.

MOTOR VEHICLE FEES

Motor vehicle fees and taxes consist of vehicle license, registration, weight, driver's license, and other charges related to vehicle operation. Figure REV-11 displays revenue from these sources from 2011-12 through 2013-14.

The Vehicle License Fee (VLF) is imposed on vehicles that travel on public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. Chapter 87, Statutes of 1991

(AB 758) required the Department of Motor Vehicles to reclassify used vehicles based on their actual purchase price each time ownership is transferred. Also under this chapter, VLF revenues, other than administrative costs and fees on trailer coaches and mobile homes, are transferred to the Local Revenue Fund for state-local program realignment. Between 1948 and 1998, the VLF was

set at 2 percent of the assessed value of a vehicle. Beginning in 1999, vehicle owners received discounts on the amount of VLF. To maintain revenue for local governments, the General Fund made deposits to offset the revenue lost from the discount.

Chapter 211, Statutes of 2004 (SB 1096) eliminated the VLF offset and established the VLF tax rate at 0.65 percent. Local governments now receive property tax revenue to compensate them for the loss of VLF revenue. In 2013-14 the estimated value of the VLF backfill to cities and counties is \$6 billion. The value of the reduction from 2 percent to 0.65 percent is \$4.1 billion.

The number of vehicles in the state, the ages of those vehicles, and their most recent sales price affect the amount of VLF collected. The total number of vehicles in California—autos, trucks, trailers, and motorcycles including vehicles registered in multiple states—is estimated to be 29,043,559 in 2012-13 and is expected to decline to 28,895,995 in 2013-14. The year-to-year decline is due primarily to the cyclical nature of trailer registrations which renew every five years. Consistent with expected increases in national new vehicle sales due to the availability of consumer credit, an improving employment picture, and projected increases to after-tax income, the forecast projects that there will be 1,744,766 new vehicles registered in 2012-13, increasing to 1,856,112 in 2013-14.

The Department of Motor Vehicles administers the VLF for trailer coaches that are not installed on permanent foundations. Those that are installed on permanent foundations (mobile homes) are subject to either local property taxes or the VLF. Generally, mobile homes purchased new prior to July 1, 1980, are subject to the VLF. All trailer coach license fees are deposited in the General Fund.

Figure REV-11
Motor Vehicle Fees Special Fund Revenue
(Dollars in Thousands)

	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
Vehicle License Fees	\$1,978,751	\$1,934,821	\$1,964,397
Registration, Weight, and Other Fees	<u>3,836,019</u>	<u>3,829,317</u>	<u>3,920,648</u>
Total	\$5,814,770	\$5,764,138	\$5,885,045

REVENUE ESTIMATES

In addition to the VLF, commercial truck owners pay a fee based on vehicle weight. Due partly to the expected increase in truck sales reflecting an improving business climate, weight fee revenues are expected to be \$932 million in 2012-13 and to increase by 1.5 percent to \$946 million in 2013-14.

MOTOR VEHICLE FUEL TAXES

The Motor Vehicle Fuel Tax, Diesel Fuel Tax, and Use Fuel Tax are the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities. Just over one-third of these revenues are apportioned to local jurisdictions for a broad range of local road projects, including both maintenance of existing roads and construction of new roads. In addition, some jurisdictions choose to spend a portion of their allocation on improvements to the state highway system in their region to decrease traffic congestion.

The gallons of gasoline consumed were down 1.1 percent in 2011-12 when compared to the prior fiscal year. However, gasoline consumption is expected to increase 1 percent in 2012-13 and then increase 1.3 percent in 2013-14. Because most diesel fuel is consumed by the commercial trucking industry, the gallons consumed are affected most significantly by general economic conditions. A recovering economy is expected to contribute to growth of 2.6 percent in diesel consumption in 2012-13 followed by 2.1 percent growth in 2013-14.

Motor Vehicle Fuel Tax collections are shown in Figure REV-12.

The Motor Vehicle Fuel Tax (gas tax) is collected from distributors when fuel is loaded into ground transportation for transport to retail stations.

This fuel is taxed at a rate of 36 cents per gallon under current law. Fuels subject to the gas tax include gasoline, natural gas, and blends of gasoline and alcohol sold for use on public streets and highways.

Figure REV-12
Motor Vehicle Fuel Tax Revenue
(Dollars in Thousands)

	2011-12 Preliminary	2012-13 Forecast	2013-14 Forecast
Gasoline ¹	\$5,179,071	\$5,320,062	\$5,736,243
Diesel	362,994	296,207	287,645
Total	\$5,542,065	\$5,616,269	\$6,023,888

¹ Does not include jet fuel.

Distributors pay the Diesel Fuel Tax, which applies to both pure diesel fuel and blends, at the fuel terminal. Diesel fuel for highway use is taxed at a rate of 10 cents per gallon

in 2012-13. Dyed diesel fuel, which is used for off-highway purposes such as farm equipment, is not taxed.

Beginning in 2010-11, the fuel tax swap eliminated the General Fund portion of the sales tax on gasoline and replaced it with an excise tax of 17.3 cents per gallon. The Board of Equalization is required to adjust the excise tax rates for both motor vehicle fuel and diesel fuel annually so that the total amount of tax revenue generated is equal to what would have been generated had the sales and use tax and excise tax rates remained unchanged. To maintain revenue neutrality for gasoline, the excise tax rate for 2012-13 is set at 36 cents per gallon. The Budget forecasts that the excise tax on gasoline will be 38 cents per gallon in 2013-14.

Beginning in 2011-12, the fuel tax swap increased the sales tax add-on for diesel fuel to the statutorily mandated 1.87 percent, while it decreased the excise tax to 13 cents to maintain revenue neutrality. For 2012-13, to achieve neutrality, the excise tax rate was reduced by 3 cents and to 10 cents per gallon. However, under current law the sales tax rate add-on will increase to 1.94 percent in 2013-14, and the Budget forecasts that the excise tax on diesel fuel will be adjusted to 10.5 cents per gallon.

The Use Fuel Tax is levied on sales of kerosene, liquefied petroleum gas (LPG), liquid natural gas (LNG), compressed natural gas (CNG), and alcohol fuel (ethanol and methanol containing 15 percent or less gasoline and diesel fuel). These fuels are taxed only when they are dispensed into motor vehicles used on the highways. Current Use Fuel Tax rates are 18 cents per gallon for kerosene, 6 cents per gallon for LPG and LNG, 7 cents per 100 cubic feet for CNG, and 9 cents per gallon for alcohol fuel. Users of LPG, LNG, or CNG may elect to pay a flat rate of tax based on vehicle weight instead of the per-gallon tax.

An excise tax of 2 cents per gallon is levied on aircraft jet fuel sold at the retail level. This tax does not apply to commercial air carriers, aircraft manufacturers and repairers, and the U.S. armed forces.

Local transit systems, school and community college districts, and certain common carriers pay 1 cent per gallon on the fuel they use instead of the tax rates described above.

SUMMARY OF STATE TAX SYSTEM

The state's tax system is outlined at the end of this section in Figure REV-13. Tax collections per capita and per \$100 of personal income are displayed in Schedule 2 in

REVENUE ESTIMATES

the Appendix. The revenue generated from each state tax from 1970-71 through 2013-14 is displayed in Schedule 3 in the Appendix.

Figure REV-13
**Outline of State Tax System
as of January 1, 2013**

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage Excise Taxes:				
Beer	Gallon	\$0.20	Equalization	General
Distilled Spirits	Gallon	\$3.30	Equalization	General
Dry Wine/Sweet Wine	Gallon	\$0.20	Equalization	General
Sparkling Wine	Gallon	\$0.30	Equalization	General
Hard Cider	Gallon	\$0.20	Equalization	General
Corporation:				
General Corporation	Net income	8.84% [1]	Franchise	General
Bank and Financial Corp.	Net income	10.84%	Franchise	General
Alternative Minimum Tax	Alt. Taxable Income	6.65%	Franchise	General
Tobacco:				
Cigarette	Package	\$0.87 [2]	Equalization	See below [2]
Other Tobacco Products	Wholesale cost	30.68% [3]	Equalization	See below [3]
Estate	Taxable Fed. Estate	0% [4]	Controller	General
Insurance				
Insurers	Gross Premiums	2.35% [5]	Insurance Dept.	General
Medi-Cal managed care plans	Gross Premiums	2.35%	Health Care Services	See below [6]
Liquor License Fees	Type of license	Various	Alc. Bev. Control	General
Motor Vehicle:				
Vehicle License Fees (VLF)	Market value	0.65%	DMV	Motor VLF, Local Revenue [7]
Fuel—Gasoline	Gallon	\$0.360 [8]	Equalization	Motor Vehicle Fuel [9]
Fuel—Diesel	Gallon	\$0.10 [10]	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	\$69.00	DMV	Motor Vehicle [11]
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway
Personal Income	Taxable income	1.0-12.3% [12]	Franchise	General
Proposition 63 Surcharge	Taxable income > \$1 million	1.0%	Franchise	Mental Health Services
Alternative Minimum Tax	Alt. Taxable Income	7.0%	Franchise	General
Retail Sales and Use	Sales or lease of taxable items	7.50% [13]	Equalization	See below [13]

[1] Minimum Tax is \$800 per year for existing corporations. New corporations are exempt for the first two years.

[2] This tax is levied at the combined rate of 10 cents/pack of 20 cigarettes for the General Fund, 25 cents/pack for the Cigarette and Tobacco Products Surtax Fund, 2 cents/pack for the Breast Cancer Fund, and 50 cents/pack for the California Children and Families First Trust Fund.

[3] The surtax rate is determined annually by the BOE and is equivalent to the combined rate of tax applied to cigarettes, with funding for the Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund. Effective July 1, 2012, through June 30, 2013, the rate is 30.68 percent of the wholesale cost.

[4] Since 2005 and through the end of 2012, federal estate tax law is structured such that California will receive none of the "state pick-up" estate tax for those years. However, under current law, starting in January 1, 2013, the federal estate tax will return to its pre-2011 structure and California will, again, begin to receive estate tax payments for estates for which the death occurred on or after January 1, 2013.

[5] Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans, surplus lines, and nonadmitted insurance.

[6] Insurance tax on Medi-Cal managed care plans through June 30, 2012, pursuant to Chapter 11, Statutes of 2011 (X1 AB 21), to provide interim funding for the Healthy Families and Medi-Cal programs. The Governor's Budget proposes to reauthorize this tax permanently, retroactive to July 1, 2012.

[7] For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

[8] As part of the fuel tax swap implemented beginning July 1, 2010, this rate was increased from 18 cents and will be adjusted each year to maintain revenue neutrality with the elimination of the General Fund portion of the sales tax on gasoline.

[9] For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

[10] As part of the fuel tax swap, this rate will be decreased by an estimated 3 cents on July 1, 2012, and will be adjusted each year thereafter to maintain revenue neutrality with the 2.17% increase in sales tax on diesel beginning July 1, 2012.

[11] For support of State Department of Motor Vehicles, California Highway Patrol, other agencies, and motor vehicle related programs.

[12] Proposition 30 (The Schools and Local Public Safety Protection Act of 2012) was passed by the California voters in November 2012. Proposition 30, for tax years 2012 through 2018, created three new income tax brackets with rates of 10.3 percent for taxable income over \$250,000, 11.3 percent for taxable income over \$300,000, and 12.3 percent for taxable income over \$500,000.

[13] The 7.50 percent rate includes the rates for General Fund, Special Funds, and uniform local rates. Additionally, cities and counties may generally assess up to an additional 2.00 percent to the statewide rate. This rate includes the passage of Proposition 30 (The Schools and Local Public Safety Protection Act of 2012), effective beginning January 1, 2013.

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Appendices and Schedules

Budget Process Overview

The Governor's Budget is the result of a process that begins more than one year before the Budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through mid December. In the event that the Governor wants to change the Budget presented to the Legislature, including adjustments resulting from changes in population, caseload, or enrollment estimates, the Department of Finance (Finance) proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually in May, Finance submits revised revenue and expenditure estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. Finance also prepares monthly economic and cash revenue updates during the fiscal year. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued by	When
Budget Letters and Management Memos	Convey the Administration's guidelines for budget preparation to agencies and departments.	Governor/Finance	January through December
Budget Change Proposals	Documents that propose to modify or change the existing level of service, propose new programs, or delete existing programs.	Agencies and departments submit to Finance analysts	July through September
Governor's Budget	Governor's proposed budget for the upcoming fiscal year.	Governor/Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Finance	January 10
Budget Bill	Requests spending authorization to carry out the Governor's expenditure plan (legislative budget decision document).	Finance/Legislature	January 10
Analysis of the Budget	Analysis of the Budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
May Revision	Update of General Fund revenues, expenditures, and reserve estimates based on the latest economic forecast and changes in population, caseload, or enrollment estimates.	Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of the Governor's vetoes.	Legislature/Governor	Late June or enactment of the Budget
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including certain budget summary schedules.	Finance	Late July - August or 1-2 months after Budget enactment
Final Change Book	Update of changes to the detailed fiscal information in the Governor's Budget.	Finance	Late July - August or 1-2 months after Budget enactment

Adjustments in Accounting Methods and Prior Year Fund Balances

AB 1487 (Chapter 343, Statutes of 2012) requires the Department of Finance (Finance) to clearly note in the Governor's Budget or related documents any adjustments of prior year fund balances and accounting methods. This requirement is to ensure the closest possible comparability of the Governor's Budget with the State Controller's Budgetary-Legal Basis Annual Report (Annual Report).

Accounting Methods

Main Funds for Caltrans—Beginning with the 2013-14 Governor's Budget (including 2011-12 actuals, 2012-13 revised, and 2013-14 proposed), the displays have changed slightly in budget documents for the following five funds administered by the Department of Transportation : State Highway Account, Public Transportation Account, Transportation Investment Fund, Transportation Deferred Investment Fund, and Traffic Congestion Relief Fund. Fund balances of these funds operate on a cash basis of accounting. The changes better reflect the adjustments to convert the modified accrual basis of revenues and expenditures into cash basis.

Other Funds—The year-end financial statements submitted to the State Controller's Office for several funds were not prepared in a manner that is consistent with the Budget's methods and basis. The fund administrators of these funds have been directed to prepare their year-end financial statements in a manner that ensures the Annual Report accounts for the funds on the same basis as the Governor's Budget and the Budget Act, as required by Government Code Section 12460. The major funds include the Mental Health Services Fund and the Fiscal Recovery Fund.

Revenue Accruals—Consistent with the 2012 Budget Act and current practice, the net final payment accrual methodology will be used to accrue revenues associated with ballot initiatives beginning with those passed by the voters in 2012 for the 2013-14 and future budgets.

Prior Year Fund Balances

As announced on August 3, 2012, Finance has implemented enhanced efforts to reconcile special funds between the Governor's Budget documents provided to Finance and the year-end financial statements provided to the State Controller's Office by departments. Departments that are the designated fund administrators continue to be primarily responsible for the reconciliation, and Finance works very closely with the departments to ensure this is completed for all special funds. Special fund balances were reconciled using the best information available. However, final balances for the Annual Report are not available during the preparation of the Governor's Budget. Therefore, there will be some remaining variances in the spring when final balances become available.

Statewide Financial Information

Provides various statewide displays of financial information included in the Budget that may be the most useful to the public, private sector, or other levels of government. Each statewide display includes a description of the information included.

Schedule 1 General Budget Summary—Total statewide revenues and expenditures for the General Fund and special funds, and expenditure totals for selected bond funds.

Schedule 2 Summary of State Tax Collections—State tax collections per capita and per \$100 of personal income.

Schedule 3 Comparative Yield of State Taxes—Revenues for major state taxes from 1970-71 through 2013-14.

Schedule 4 Positions and Salary Cost Estimates—Position data and corresponding dollar amounts.

Schedule 5A Statement of Estimated Accounts Payable and Accounts Receivable—Actual payable and receivable amounts as of June 30, 2012, and estimated amounts for June 30, 2013, and June 30, 2014.

Schedule 5B Actual 2011-12 Fiscal Year Cashflow—Actual receipts, disbursements, borrowable resources, and cashflow loan balances for the 2011-12 fiscal year.

Schedule 5C Estimated 2012-13 Fiscal Year Cashflow—Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the 2012-13 fiscal year.

Schedule 5D Estimated 2013-14 Fiscal Year Cashflow—Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the 2013-14 fiscal year.

Schedule 6 Summary of State Population, Employees, and Expenditures—Historical data of state population, employees, personal income, revenues, and expenditures.

Schedule 7 General Fund Statement of Fund Balance—Available upon request. Contact the Department of Finance, Budget Operations Support Unit at (916) 445-5332.

Schedule 8 Comparative Statement of Revenues—Detail of General and special fund revenues by source for the past, current, and budget years within the following categories: (1) major taxes and licenses, (2) minor revenues, and (3) transfers and loans.

Schedule 9 Comparative Statement of Expenditures—Detail of General Fund, special fund, selected bond fund, and federal fund expenditures included in the Governor's Budget by the following categories: (1) State Operations, (2) Local Assistance, (3) Capital Outlay, and (4) Unclassified.

Schedule 10 Summary of Fund Condition Statements—A listing in alphabetical order of the beginning reserve, revenues, expenditures, and ending reserve for the General Fund and each special fund for the past, current, and budget years.

Schedule 11 Statement of General Obligation Bond and Commercial Paper Debt of the State of California—List of all general obligation bonds including: maturity dates, authorized amount of bond issues, amounts of unissued bonds, redemptions, and outstanding issues, as well as authorized and outstanding commercial paper issued in-lieu of general obligation bonds.

Schedule 12A State Appropriations Limit Summary—Summary of Schedules 12B through 12E provides a calculation of the appropriations subject to the State Appropriations Limit and the Limit Room or Surplus.

Schedule 12B Revenues to Excluded Funds—List of revenues to special funds NOT included in the calculation of total appropriations subject to the State Appropriations Limit.

Schedule 12C Non-Tax Revenues in Funds Subject to Limit—Total of non-tax General and special fund

revenues deposited in funds that are otherwise included in the calculation of total appropriations subject to the State Appropriations Limit.

Schedule 12D State Appropriations Limit Transfer from Other Funds to Included Funds—Detail of transfers between funds that are used in calculating the appropriations subject to the State Appropriations Limit.

Schedule 12E State Appropriations Limit Excluded Appropriations—Exclusions from appropriations subject to the State Appropriations Limit.

SCHEDULE 1
GENERAL BUDGET SUMMARY¹
(In Thousands)

	Reference to Schedule	General Fund	Special Funds	Selected Bond Fund Expenditures	Expenditure Totals
2011-12					
Prior year resources available	10	-\$2,282,311	\$8,633,649		
Revenues and transfers	8	87,070,787	32,006,023		
Expenditures	9	86,403,523	33,853,308	\$6,104,227	\$126,361,058
Fund Balance ²	10	-\$1,615,047	\$6,786,364		
<i>Reserve for Liquidation of Encumbrances ³</i>		618,108	--		
<i>Reserves for Economic Uncertainties ⁴</i>		--	6,786,364		
<i>Special Fund for Economic Uncertainties ⁴</i>		-2,233,155	--		
2012-13					
Prior year resources available	10	-\$1,615,047	\$6,786,364		
Revenues and transfers	8	95,394,242	39,007,531		
Expenditures	9	92,993,839	39,648,369	\$12,294,798	\$144,937,006
Fund Balance ²	10	\$785,356	\$6,145,526		
<i>Reserve for Liquidation of Encumbrances ³</i>		618,108	--		
<i>Reserves for Economic Uncertainties ⁴</i>		--	6,145,526		
<i>Special Fund for Economic Uncertainties ⁴</i>		167,248	--		
2013-14					
Prior year resources available	10	\$785,356	\$6,145,526		
Revenues and transfers	8	98,500,613	40,173,951		
Expenditures	9	97,650,244	40,927,826	\$7,248,480	\$145,826,550
Fund Balance ²	10	\$1,635,725	\$5,391,651		
<i>Reserve for Liquidation of Encumbrances ³</i>		618,108	--		
<i>Reserves for Economic Uncertainties ⁴</i>		--	5,391,651		
<i>Special Fund for Economic Uncertainties ⁴</i>		1,017,617	--		

¹ The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.

² The General Fund unencumbered balances of continuing appropriations at the end of the 2011-12, 2012-13, and 2013-14 fiscal years are \$207,663; \$172,215; and \$102,449 (in thousands), respectively. The special funds unencumbered balances of continuing appropriations at the end of the 2011-12, 2012-13, and 2013-14 fiscal years are \$16,534,945; \$6,109,601; and \$10,497,097 (in thousands), respectively. Unencumbered balances of continuing appropriations reflect remaining expenditure authorizations from these appropriations.

³ The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received at the end of the fiscal year. This reserve treatment is consistent with accounting methodology prescribed by Generally Accepted Accounting Principles (GAAP) and Government Code Sections 13306 and 13307.

⁴ The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties are reserve accounts for the General and special funds as provided by Section 5 of Article XIII B of the California Constitution.

SCHEDULE 2
SUMMARY OF STATE TAX COLLECTIONS
(Excludes Departmental, Interest, and Miscellaneous Revenue)

Fiscal Year	Per Capita Personal Income ^{1, 2}	State Tax Collections (Dollars in Millions)		Taxes per Capita ¹		Taxes per \$100 of Personal Income ³	
		General		General		General	
		Fund	Total	Fund	Total	Fund	Total
Beginning							
1967	\$3,878	\$3,558	\$4,676	\$185.55	\$243.86	\$4.78	\$6.29
1968	4,199	3,963	5,173	203.94	266.21	4.86	6.34
1969	4,525	4,126	5,409	208.96	273.94	4.62	6.05
1970	4,797	4,290	5,598	214.08	279.36	4.46	5.82
1971	5,027	5,213	6,597	256.22	324.24	5.10	6.45
1972	5,451	5,758	7,231	279.72	351.28	5.13	6.44
1973	5,943	6,377	7,877	305.57	377.45	5.14	6.35
1974	6,557	8,043	9,572	379.85	452.06	5.79	6.89
1975	7,136	9,050	10,680	420.19	495.87	5.89	6.95
1976	7,835	10,781	12,525	491.48	570.98	6.27	7.29
1977	8,571	12,951	14,825	579.41	663.25	6.76	7.74
1978	9,573	14,188	16,201	621.30	709.45	6.49	7.41
1979	10,718	16,904	19,057	726.83	819.41	6.78	7.64
1980	11,938	17,808	20,000	748.80	840.97	6.27	7.04
1981	13,148	19,053	21,501	784.78	885.62	5.97	6.74
1982	13,750	19,567	22,359	788.83	901.39	5.74	6.56
1983	14,531	22,300	25,674	880.14	1,013.30	6.06	6.97
1984	15,931	25,515	29,039	988.34	1,124.85	6.20	7.06
1985	16,801	26,974	30,898	1,021.63	1,170.25	6.08	6.97
1986	17,559	31,331	35,368	1,158.18	1,307.41	6.60	7.45
1987	18,487	31,228	35,611	1,126.67	1,284.81	6.09	6.95
1988	19,564	35,647	40,613	1,255.49	1,430.39	6.42	7.31
1989	20,502	37,248	43,052	1,278.16	1,477.32	6.23	7.21
1990	21,474	36,828	43,556	1,234.66	1,460.21	5.75	6.80
1991	21,743	40,072	48,856	1,315.62	1,604.01	6.05	7.38
1992	22,429	39,197	48,230	1,264.93	1,556.44	5.64	6.94
1993	22,716	38,351	48,941	1,224.72	1,562.90	5.39	6.88
1994	23,419	41,099	50,648	1,303.75	1,606.67	5.57	6.86
1995	24,486	44,825	54,805	1,413.51	1,728.20	5.77	7.06
1996	25,833	47,955	58,400	1,500.33	1,827.10	5.81	7.07
1997	27,090	53,859	64,826	1,659.61	1,997.56	6.13	7.37
1998	29,306	58,199	69,724	1,770.96	2,121.65	6.04	7.24
1999	30,753	70,027	81,773	2,095.45	2,446.93	6.81	7.96
2000	33,392	75,668	88,147	2,225.47	2,592.50	6.66	7.76
2001	33,864	62,679	73,295	1,816.12	2,123.70	5.36	6.27
2002	33,984	64,879	75,420	1,856.95	2,158.65	5.46	6.35
2003	34,841	70,229	81,628	1,984.49	2,306.60	5.70	6.62
2004	36,703	80,070	93,764	2,239.55	2,622.57	6.10	7.15
2005	38,562	90,468	105,860	2,514.02	2,941.74	6.52	7.63
2006	41,260	93,237	109,390	2,572.28	3,017.93	6.23	7.31
2007	42,853	95,290	111,778	2,606.95	3,058.01	6.08	7.14
2008	43,702	79,398	95,020	2,154.26	2,578.12	4.93	5.90
2009	40,906	84,537	99,284	2,280.02	2,677.76	5.57	6.55
2010	41,925	89,910	106,942	2,409.86	2,866.35	5.75	6.84
2011 ^P	43,788	83,135	106,636	2,212.79	2,838.30	5.05	6.48
2012 ^e	45,694	91,446	115,731	2,417.53	3,059.55	5.29	6.70
2013 ^e	47,273	97,068	122,510	2,546.48	3,213.94	5.39	6.80

¹ Per capita computations are based on July 1 populations estimates, benchmarked to the 2010 Census.

² Personal income data are on a calendar year basis (e.g., 2010 for 2010-11).

³ Taxes per \$100 personal income computed using calendar year personal income (e.g. 2010 income related to 2010-11 tax collections).

^P Preliminary.

^e Estimated.

SCHEDULE 3
COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2013-14
Includes both General and Special Funds
(Dollars in Thousands)

Fiscal Year Beginning	Sales and Use (a)	Personal Income (b)	Corporation (c)	Tobacco (d)	Estate Inheritance and Gift (e)	Insurance (f)	Alcoholic Beverage (g)	Motor Vehicle Fuel (h)	Vehicle Fees (i)
1970	\$1,808,052	\$1,264,383	\$532,091	\$239,721	\$185,699	\$158,423	\$106,556	\$674,635	\$513,202
1971	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	712,426	547,845
1972	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	746,196	596,922
1973	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	742,702	644,448
1974	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	752,234	664,453
1975	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	766,555	749,936
1976	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	810,321	807,782
1977	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	850,181	924,410
1978	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	896,591	1,021,856
1979	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	852,752	1,096,640
1980	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	839,994	1,127,293
1981	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	833,446	1,373,354
1982	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	928,633	1,614,993
1983	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	1,213,167	1,906,290
1984	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	1,159,637	2,137,326
1985	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	1,194,172	2,515,295
1986	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	1,245,881	2,692,835
1987	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	1,293,254	2,966,334
1988	12,650,893	15,889,179	5,138,009	559,617	335,091	1,317,630	128,264	1,320,512	3,142,484
1989	13,917,771	16,906,568	4,965,389	787,076	388,527	1,167,684	128,524	1,349,146	3,305,711
1990	13,839,573	16,852,079	4,544,783	745,074	498,774	1,287,152	129,640	1,999,771	3,513,159
1991	17,458,521	17,242,816	4,538,451	726,064	446,696	1,167,307	321,352	2,457,229	4,369,862
1992	16,598,863	17,358,751	4,659,950	677,846	458,433	1,188,181	292,107	2,412,574	4,470,321
1993	16,857,369	17,402,976	4,809,273	664,322	552,139	1,196,921	275,797	2,547,633	4,518,795
1994	16,273,800	18,608,181	5,685,618	674,727	595,238	998,868	268,957	2,685,731	4,749,594
1995	17,466,584	20,877,687	5,862,420	666,779	659,338	1,131,737	269,227	2,757,289	5,009,319
1996	18,424,355	23,275,990	5,788,414	665,415	599,255	1,199,554	271,065	2,824,589	5,260,355
1997	19,548,574	27,927,940	5,836,881	644,297	780,197	1,221,285	270,947	2,853,846	5,660,574
1998	21,013,674	30,894,865	5,724,237	976,513	890,489	1,253,972	273,112	3,025,226	5,610,374
1999	23,451,570	39,578,237	6,638,898	1,216,651	928,146	1,299,777	282,166	3,069,694	5,263,245
2000	24,287,928	44,618,532	6,899,322	1,150,869	934,709	1,496,556	288,450	3,142,142	5,286,542
2001	23,816,406	33,046,665	5,333,036	1,102,807	915,627	1,596,002	292,627	3,295,903	3,836,904
2002	24,899,025	32,709,761	6,803,559	1,055,505	647,372	1,879,784	290,564	3,202,511	3,889,602
2003	26,506,911	36,398,983	6,925,916	1,081,588	397,848	2,114,980	312,826	3,324,883	4,415,126
2004	29,967,136	42,992,007	8,670,065	1,096,224	213,036	2,232,955	314,252	3,366,141	4,873,705
2005	32,201,082	51,219,823	10,316,467	1,088,703	3,786	2,202,327	318,276	3,393,381	5,078,529
2006	32,669,175	53,348,766	11,157,898	1,078,536	6,348	2,178,336	333,789	3,432,527	5,147,341
2007	31,972,874	55,745,970	11,849,097	1,037,287	6,303	2,172,936	327,260	3,418,413	5,212,811
2008	28,972,302	44,355,959	9,535,679	1,000,456	245	2,053,850	323,934	3,180,112	5,566,642
2009	31,197,154	45,650,901	9,114,589	922,986	0	2,180,786	311,242	3,163,694	6,726,967
2010	30,996,372	50,507,989	9,613,594	905,245	0	2,307,022	334,178	5,705,527	6,558,121
2011 ^P	28,536,238	55,024,435	7,949,000	895,677	0	2,416,073	346,000	5,544,530	5,907,866
2012 *	31,116,286	61,996,000	7,580,000	862,000	45,000	2,386,348	320,000	5,618,575	5,792,244
2013 *	34,352,933	62,940,816	9,130,000	837,000	290,000	2,682,718	326,000	6,026,194	5,910,065

- (a) Includes the 0.5 percent Local Revenue Fund, the 1.0625 percent Local Revenue Fund 2011, the 0.25 percent sales tax, effective July 1, 2004, for repayment of economic recovery bonds, and the state sales tax rate of 6 percent from April 1, 2009 to June 30, 2011. Additionally, these revenues include passage of Proposition 30, which increases the General Fund sales tax rate by 0.25 percent from January 1, 2013, to December 31, 2016.
- (b) Includes the revenue for a 1-percent surcharge on taxable incomes over \$1 million, with proceeds funding mental health programs. Also includes the 0.25 percent surcharge and reduced dependent exemption credit effective for tax years 2009 and 2010. Includes the impact of Proposition 30, which establishes three additional tax brackets for tax years 2012 through 2018.
- (c) Includes the corporation income tax and, from 1989 through 1997, the unitary election fee. Also includes impact of Proposition 39 beginning in tax year 2012.
- (d) Proposition 99 (November 1988) increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products. The Breast Cancer Act added \$0.02 per pack effective 1/1/94. Proposition 10 (November 1998) increased the cigarette tax to \$0.87 per pack and added the equivalent of \$1.00 tax to other tobacco products.
- (e) Proposition 6, an initiative measure adopted by the voters in June 1982, repealed the inheritance and gift taxes and imposed instead an estate tax known as "the pick-up tax," because it is designed to pick up the maximum credit allowed against the federal estate tax. The Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax by 2010. The Act reduced the state pick-up tax by 25 percent in 2002, 50 percent in 2003, 75 percent in 2004, and eliminated it beginning in 2005. The EGTRRA sunsets after 2010. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, however, made changes to the estate tax for 2011 and 2012. One of those changes was an extension of the elimination of the state estate tax credit, which had been in effect since 2005, for 2011 and 2012.
- (f) Includes insurance tax on Medi-Cal managed care plans through June 30, 2012, pursuant to Chapter 11, Statutes of 2011 (X1 AB 21), to provide interim funding for the Healthy Families and Medi-Cal programs. The Governor's Budget proposes to reauthorize this tax permanently, retroactive to July 1, 2012. A Board of Equalization decision regarding the taxation of premiums on a cash versus accrued basis has resulted in refunds of \$0 million in 2011-12 and estimated refunds of \$233 million and \$149 million in 2012-13 and 2013-14, respectively.
- (g) Alcoholic beverage excise taxes were increased effective July 15, 1991.
- (h) Motor vehicle fuel tax (gasoline), use fuel tax (diesel and other fuels), and jet fuel. As part of the fuel tax swap implemented beginning July 1, 2010, this rate on gasoline was increased from 18 cents and will be adjusted each year to maintain revenue neutrality with the elimination of the General Fund portion of the sales tax on gasoline. Also as part of the fuel tax swap, this rate on diesel was decreased to 10 cents on July 1, 2012, and will be adjusted each year thereafter to maintain revenue neutrality with the 2.17-percent increase in 2012-13 and various increases planned for the out-years.
- (i) Registration and weight fees, motor vehicle license fees, and other fees. Beginning January 1, 1999, vehicle owners paid 75 percent of the calculated tax, and the remaining 25 percent (offset) was paid by the General Fund. Chapter 74, Statutes of 1999, increased the offset to 35 percent on a one-time basis for the 2000 calendar year. Chapters 106 and 107, Statutes of 2000, and Chapter 5, Statutes of 2001, extended the 35-percent offset through June 30, 2001, and provided for an additional 32.5-percent VLF reduction, which was returned to taxpayers in the form of a rebate. Beginning July 1, 2001, the VLF offset was set at 67.5 percent. From June 30, 2003, through November 18, 2003, the VLF reduction was suspended. On November 17, 2003, the suspension was rescinded, thereby reinstating the offset. Effective January 1, 2005, the VLF rate is 0.65 percent. In February 2009 the VLF rate increased to 1.15 percent from May 19, 2009, to June 30, 2011. Effective July 1, 2011, the VLF rate returned to 0.65 percent.

^P Preliminary.
* Estimated.

SCHEDULE 4
POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits^{1/})
(Dollars in Thousands)

	Positions			Dollars		
	Actuals 2011-12	Estimated 2012-13	Proposed 2013-14	Actuals 2011-12	Estimated 2012-13	Proposed 2013-14
Executive						
Executive	15,024.7	14,448.5	14,457.8	\$964,817	\$928,328	\$987,893
Business, Consumer Services, and Housing	6,235.7	5,395.1	5,423.6	372,564	321,043	340,258
Transportation	41,758.4	39,222.0	39,144.3	3,093,160	2,873,428	3,024,849
Natural Resources	19,041.7	18,838.8	19,078.3	1,211,874	1,189,391	1,274,752
California Environmental Protection	5,157.3	4,957.6	4,921.5	382,728	373,441	393,809
Health and Human Services	32,891.1	30,938.0	31,850.5	2,236,642	2,052,178	2,233,131
Corrections and Rehabilitation	62,472.0	58,677.3	59,817.0	4,460,348	4,106,542	4,432,920
Education						
K thru 12 Education	2,960.9	2,854.1	2,855.1	182,899	172,884	183,474
Community Colleges/Other	329.7	317.2	315.2	27,149	26,007	26,986
Labor and Workforce Development	13,540.3	12,516.3	11,844.6	779,207	707,403	722,823
Government Operations	14,943.7	14,661.5	14,793.7	918,459	892,799	957,360
General Government	11,794.8	11,379.1	11,471.3	741,894	666,632	720,966
SUBTOTAL, EXECUTIVE	226,150.3	214,205.5	215,972.9	\$15,371,741	\$14,310,076	\$15,299,221
Higher Education						
University of California	86,029.9	87,600.2	87,600.2	\$6,772,867	\$7,034,740	\$7,034,740
Hastings College of Law	264.4	247.7	247.7	25,087	25,375	25,375
California State University	41,453.8	41,473.1	41,473.1	2,476,778	2,474,033	2,474,033
SUBTOTAL, HIGHER EDUCATION	127,748.1	129,321.0	129,321.0	\$9,274,732	\$9,534,148	\$9,534,148
Legislative ^{1/}	759.0	750.0	750.0	\$57,591	\$59,049	\$59,130
Judicial	2,150.3	2,002.2	2,001.9	211,063	197,397	200,296
GRAND TOTALS	356,807.7	346,278.7	348,045.8	\$24,915,127	\$24,100,670	\$25,092,795

^{1/} The numbers of positions include 120 legislators and staff at the Legislative Counsel Bureau. They do not include the Legislature's staff and Legislative Analyst's Office. Legislative members' staff benefits are included in the dollars.

SCHEDULE 5A
STATEMENT OF ESTIMATED ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE
GENERAL FUND
(Dollars In Thousands)

	Actual 2011-12 Fiscal Year Accruals ^{1/}			Estimated 2012-13 Fiscal Year Accruals ^{2/}			Estimated 2013-14 Fiscal Year Accruals ^{2/}		
	Accounts payable June 30, 2012	Accounts receivable June 30, 2012	Net accruals June 30, 2012	Accounts payable June 30, 2013	Accounts receivable June 30, 2013	Net accruals June 30, 2013	Accounts payable June 30, 2014	Accounts receivable June 30, 2014	Net accruals June 30, 2014
STATE OPERATIONS									
Legislative/Judicial/Executive	\$375,386	\$345,628	\$29,758	\$386,648	\$355,997	\$30,651	\$398,247	\$366,677	\$31,570
State and Consumer Services	103,524	84,532	19,500	106,630	87,130	19,500	109,829	89,744	20,085
Business, Transportation and Housing	50,407	986	49,421	51,919	1,016	50,903	53,477	1,046	52,431
Natural Resources	589,353	460,591	128,762	607,034	474,409	132,625	625,245	488,641	136,604
California Environmental Protection	14,032	95	13,937	14,453	98	14,355	14,887	101	14,786
Health and Human Services:									
Health Care Services	1,174	1,407	-233	1,209	1,449	-240	1,245	1,492	-247
Developmental Services	131,721	169,864	-38,143	135,673	174,960	-39,287	139,743	180,209	-40,466
State Hospitals	264,877	196,737	68,140	272,823	202,639	70,184	281,008	208,718	72,290
Other Health and Human Services	161,423	247,855	-86,432	166,266	255,291	-89,025	171,254	262,950	-91,696
Corrections and Rehabilitation	1,238,954	1,176,708	62,246	1,276,123	1,212,009	64,114	1,314,407	1,248,369	66,038
Education:									
Department of Education	151,858	23,330	128,528	156,414	24,030	132,384	161,106	24,751	136,355
University of California	0	0	0	0	0	0	0	0	0
California State University	0	0	0	0	0	0	0	0	0
Other Education	27,990	6,562	21,428	28,830	6,759	22,071	29,695	6,962	22,733
General Government/Labor	305,980	1,104,810	-798,830	315,159	1,137,954	-822,795	324,614	1,172,093	-847,479
Totals, State Operations	\$3,416,679	\$3,819,165	-\$402,486	\$3,519,181	\$3,933,741	-\$414,560	\$3,624,757	\$4,051,753	-\$426,996
LOCAL ASSISTANCE									
Public Schools K-12	\$2,017,543	\$309,949	\$1,707,594	\$2,078,069	\$319,247	\$1,758,822	\$2,140,411	\$328,824	\$1,811,587
California Community Colleges	4,811	34,950	-30,139	4,955	35,999	-31,044	5,104	37,079	-31,975
Other Education	61,784	2,671	59,113	63,638	2,751	60,887	65,547	2,834	62,713
Alcohol and Drug Abuse	13,165	26,963	-13,798	13,560	27,772	-14,212	13,967	28,605	-14,638
Health Care Services (Non-Medi-Cal)	116,211	139,334	-23,123	119,697	143,514	-23,817	123,288	147,819	-24,531
Developmental Services	987,694	1,281,645	-293,951	1,017,325	1,320,094	-302,769	1,047,845	1,359,697	-311,852
State Hospitals	0	0	0	0	0	0	0	0	0
Social Services	281,582	1,081,491	-799,909	290,029	1,113,936	-823,907	298,730	1,147,354	-848,624
Other Health and Human Services	82,935	79,403	3,532	85,423	81,785	3,638	87,986	84,239	3,747
Tax Relief	0	0	0	0	0	0	0	0	0
Other Local Assistance	12,241	7,757	4,484	12,608	7,990	4,618	12,986	8,230	4,756
Totals, Local Assistance	\$3,577,966	\$2,964,163	\$613,803	\$3,685,304	\$3,053,088	\$632,216	\$3,795,864	\$3,144,681	\$651,183
TOTALS, ALL CHARACTERS	\$6,994,645	\$6,783,328	\$211,317	\$7,204,485	\$6,986,829	\$217,656	\$7,420,621	\$7,196,434	\$224,187

^{1/} Information per the State Controller's Office.

^{2/} 2012-13 and 2013-14 reflect an Agency display based on the organization prior to the Governor's Reorganization Plan 2, which becomes operational July 1, 2013.

Note: Numbers may not add due to rounding.

SCHEDULE 5B
ACTUAL 2011-12 FISCAL YEAR CASH FLOW
GENERAL FUND
(Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE													
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$35	\$24	\$27	\$29	\$28	\$30	\$36	\$22	\$25	\$29	\$31	\$23	\$339
Corporation Tax	291	138	925	275	166	1,332	134	85	1,405	1,385	250	1,664	8,050
Cigarette Tax	8	15	9	1	5	4	15	1	12	1	14	8	100
Inheritance, Gift and Estate Taxes	0	0	0	-1	0	0	0	0	0	0	0	0	2
Insurance Tax	10	156	363	20	148	340	12	20	64	542	165	348	2,188
Personal Income Tax	3,155	3,265	4,375	3,051	3,236	4,785	7,818	1,659	2,293	7,170	2,977	6,914	50,698
Retail Sales and Use Tax	978	3,139	1,084	694	2,291	1,607	810	2,426	1,450	373	2,806	1,781	19,439
Vehicle License Fees (.5%)	23	29	8	5	4	3	2	3	2	2	2	2	84
Income from Pooled Money Investments	1	1	6	2	2	1	1	0	3	2	2	5	26
Transfer from Special Fund for Economic Uncertainties	0	0	0	208	389	0	648	569	175	0	68	1,049	716
Other	978	528	1,026	0	0	146	392	0	0	228	440	0	6,128
TOTAL, Receipts	\$5,478	\$7,295	\$7,823	\$4,291	\$6,269	\$8,250	\$9,869	\$4,786	\$5,429	\$9,732	\$6,754	\$11,794	\$87,770
DISBURSEMENTS:													
State Operations:													
University of California	\$56	\$21	\$51	\$211	\$219	\$166	\$3	\$331	\$200	\$183	\$186	\$652	\$2,279
Debt Service (GO, Net GF Costs)	-76	333	496	795	698	162	-120	484	650	607	283	432	4,744
Other State Operations	2,008	1,579	2,206	1,419	1,250	1,539	1,246	1,205	1,300	1,589	1,105	963	17,409
Social Services	972	767	725	543	568	503	449	579	487	509	452	515	7,069
Medi-Cal Assistance for DHCS	925	1,220	1,613	1,033	1,391	1,634	1,075	1,002	1,638	1,553	1,433	579	15,096
Other Health and Human Services	434	518	42	557	218	243	126	73	291	2	-123	149	2,530
Schools	3,947	4,991	6,210	1,751	2,808	3,044	7,126	1,270	660	2,432	1,096	704	36,039
Teachers' Retirement	194	0	0	475	0	172	0	0	0	475	0	0	1,316
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Budget Stabilization Account	0	0	0	0	0	376	136	0	109	12	157	405	2,717
Other	-59	312	508	254	262	0	0	245	0	0	0	0	0
TOTAL, Disbursements	\$8,401	\$9,741	\$11,851	\$7,038	\$7,414	\$7,839	\$10,041	\$5,189	\$5,335	\$7,362	\$4,589	\$4,399	\$89,199
EXCESS RECEIPTS/(DEFICIT)	-\$2,923	-\$2,446	-\$4,028	-\$2,747	-\$1,145	\$411	-\$172	-\$403	\$94	\$2,370	\$2,165	\$7,395	-\$1,429
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	-\$648	\$0	\$0	\$0	-\$88	\$0	-\$716
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	-2,477	2,446	4,028	2,747	1,145	-411	820	-597	-94	-2,370	-1,597	-1,495	2,145
External Borrowing	5,400	0	0	0	0	0	0	1,000	0	0	-500	-5,900	0
TOTAL, Net Temporary Loans	\$2,923	\$2,446	\$4,028	\$2,747	\$1,145	-\$411	\$172	\$403	-\$94	-\$2,370	-\$2,165	-\$7,395	\$1,429
ENDING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$543	\$543	\$543	\$543	\$475	\$475	\$475
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	16,319	16,660	16,895	17,764	18,233	19,782	20,414	22,876	22,469	22,692	22,115	20,349	20,349
External Borrowing	5,400	5,400	5,400	5,400	5,400	5,400	5,400	6,400	6,400	6,400	5,900	0	0
TOTAL, Available/Borrowable Resources	\$22,910	\$23,251	\$23,486	\$24,355	\$24,824	\$26,373	\$26,357	\$29,819	\$29,412	\$29,635	\$28,490	\$20,824	\$20,824
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$543	\$543	\$543	\$543	\$475	\$475	\$475
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	4,497	6,943	10,971	13,718	14,863	14,453	15,273	14,676	14,582	12,211	10,614	9,119	9,119
External Borrowing	5,400	5,400	5,400	5,400	5,400	5,400	5,400	6,400	6,400	6,400	5,900	0	0
TOTAL, Cumulative Loan Balances	\$11,088	\$13,534	\$17,562	\$20,309	\$21,454	\$21,044	\$21,216	\$21,619	\$21,525	\$19,154	\$16,989	\$9,594	\$9,594
UNUSED BORROWABLE RESOURCES	\$11,822	\$9,717	\$5,924	\$4,046	\$3,370	\$5,329	\$5,141	\$8,200	\$7,887	\$10,481	\$11,501	\$11,230	\$11,230
Cash and Unused Borrowable Resources	\$11,822	\$9,717	\$5,924	\$4,046	\$3,370	\$5,329	\$5,141	\$8,200	\$7,887	\$10,481	\$11,501	\$11,230	\$11,230

Note: Numbers may not add due to rounding.

SCHEDULE 5C
ESTIMATED 2012-13 FISCAL YEAR CASHFLOW
GENERAL FUND
(Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$8	\$33	\$27	\$31	\$29	\$28	\$33	\$21	\$23	\$27	\$27	\$28	\$315
Corporation Tax	265	41	774	148	-100	984	25	118	1,419	1,417	158	2,280	7,529
Cigarette Tax	2	8	8	14	8	8	8	7	7	8	7	7	92
Inheritance, Gift and Estate Taxes	1	0	0	0	0	0	0	0	0	0	0	1	2
Insurance Tax	-5	207	323	18	202	351	12	16	70	415	69	345	2,023
Personal Income Tax	3,311	3,644	4,406	3,941	3,603	6,513	8,696	2,368	2,185	12,746	3,258	8,130	62,801
Retail Sales and Use Tax	587	2,505	1,468	684	2,677	473	2,159	2,630	1,657	426	3,142	2,073	20,481
Vehicle License Fee	1	1	1	1	1	0	0	0	0	0	0	-1	4
Income from Pooled Money Investments	1	4	2	2	2	2	3	1	3	2	1	4	27
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	346	483	568	263	790	209	127	302	170	326	386	884	4,854
TOTAL, Receipts	\$4,517	\$6,926	\$7,577	\$5,102	\$7,212	\$8,568	\$11,063	\$5,463	\$5,534	\$15,367	\$7,048	\$13,752	\$98,128
DISBURSEMENTS:													
State Operations:													
University of California	\$3	\$17	\$106	\$206	\$220	\$176	\$178	\$192	\$200	\$200	\$219	\$680	\$2,397
Debt Service	-31	353	472	786	411	105	-180	508	577	714	286	185	4,186
Other State Operations	1,521	1,338	1,756	2,196	793	1,564	1,584	1,280	1,325	1,712	1,540	1,213	17,822
Social Services	752	585	904	-188	699	637	649	558	504	583	389	351	6,423
Medi-Cal Assistance for DHCS	1,224	1,544	1,147	1,233	2,186	961	1,505	1,340	1,559	274	1,595	398	14,966
Other Health and Human Services	624	636	-5	241	394	222	275	165	-252	241	24	-6	2,559
Schools	8,472	5,439	3,771	2,353	2,672	3,790	2,714	2,046	1,264	661	777	8,271	42,230
Teachers' Retirement	225	0	0	476	0	183	0	0	0	476	0	2	1,362
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	473	0	0	0	0	0	473
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	191	357	350	129	64	338	125	74	136	205	136	2,592	4,696
TOTAL, Disbursements	\$12,981	\$10,269	\$8,501	\$7,432	\$7,439	\$7,976	\$7,323	\$6,113	\$5,313	\$5,066	\$4,966	\$13,686	\$97,114
EXCESS RECEIPTS/(DEFICIT)	-\$8,464	-\$3,343	-\$924	-\$2,330	-\$227	\$592	\$3,741	-\$700	\$221	\$10,301	\$2,082	\$65	\$1,014
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$473	\$0	\$0	-\$222	\$222	\$0	\$473
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	8,464	-6,657	924	2,330	227	-592	-4,214	700	-221	-10,080	197	7,435	-1,487
External Borrowing	0	10,000	0	0	0	0	0	0	0	0	-2,500	-7,500	0
TOTAL, Net Temporary Loans	\$8,464	\$3,343	\$924	\$2,330	\$227	-\$592	-\$3,741	\$700	-\$221	-\$10,302	-\$2,081	-\$65	-\$1,014
ENDING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$475	\$475	\$475	\$475	\$475	\$475	\$948	\$948	\$948	\$948	\$948	\$948	\$948
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	21,815	22,540	23,458	22,377	21,836	21,976	20,544	21,909	22,337	18,864	18,685	18,663	18,663
External Borrowing	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	7,500	0	0
TOTAL, Available/Borrowable Resources	\$22,290	\$33,015	\$33,933	\$32,852	\$32,311	\$32,451	\$31,492	\$32,857	\$33,285	\$29,812	\$27,133	\$19,612	\$19,612
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$475	\$475	\$475	\$475	\$475	\$475	\$948	\$948	\$948	\$948	\$948	\$948	\$948
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	17,582	10,925	11,849	14,179	14,406	13,814	9,600	10,300	10,080	0	197	7,631	7,631
External Borrowing	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	7,500	0	0
TOTAL, Cumulative Loan Balances	\$18,057	\$21,400	\$22,324	\$24,654	\$24,881	\$24,289	\$20,548	\$21,249	\$21,028	\$10,727	\$8,645	\$8,580	\$8,580
UNUSED BORROWABLE RESOURCES	\$4,233	\$11,615	\$11,608	\$8,198	\$7,430	\$8,162	\$10,943	\$11,609	\$12,257	\$19,086	\$18,489	\$11,032	\$11,032
Cash and Unused Borrowable Resources	\$4,233	\$11,615	\$11,608	\$8,198	\$7,430	\$8,162	\$10,943	\$11,609	\$12,257	\$19,086	\$18,489	\$11,032	\$11,032

Note: Numbers may not add due to rounding.

SCHEDULE 5D
ESTIMATED 2013-14 FISCAL YEAR CASHFLOW
GENERAL FUND
(Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE													
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$32	\$26	\$28	\$28	\$28	\$28	\$33	\$21	\$23	\$27	\$27	\$27	\$328
Corporation Tax	248	53	952	217	26	1,355	260	117	1,460	1,559	335	2,302	8,884
Cigarette Tax	8	8	8	7	8	7	7	7	7	7	7	8	89
Inheritance, Gift and Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Tax	16	124	412	16	116	417	14	19	83	492	82	407	2,198
Personal Income Tax	3,868	3,747	4,641	3,752	3,067	5,768	9,798	2,602	2,362	10,095	3,382	8,707	61,789
Retail Sales and Use Tax	787	2,776	1,746	774	3,018	2,010	1,122	2,912	1,764	461	3,504	2,210	23,084
Vehicle License Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
Income from Pooled Money Investments	1	4	2	3	3	2	3	2	3	2	1	6	32
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	143	360	177	113	478	109	148	331	144	131	416	744	3,294
TOTAL Receipts	\$5,103	\$7,098	\$7,966	\$4,910	\$6,744	\$9,696	\$11,385	\$6,011	\$5,846	\$12,774	\$7,754	\$14,410	\$99,698
DISBURSEMENTS:													
State Operations:													
University of California	\$57	\$24	\$3	\$225	\$226	\$199	\$199	\$228	\$219	\$221	\$238	\$696	\$2,535
Debt Service	18	240	565	828	391	154	18	431	635	1,333	243	215	5,071
Other State Operations	1,617	1,558	1,842	1,889	1,410	1,684	1,486	1,332	1,372	1,769	1,555	1,476	18,990
Social Services	1,101	585	634	535	701	617	625	619	499	673	388	379	7,356
Medi-Cal Assistance for DHCS	1,463	1,589	1,324	1,219	1,204	1,485	1,273	914	1,414	1,229	1,588	521	15,223
Other Health and Human Services	267	260	473	231	468	206	195	198	280	106	19	61	2,764
Schools	7,385	3,637	5,027	2,861	3,078	4,395	2,911	2,811	4,243	1,514	685	1,775	40,322
Teachers' Retirement	194	0	0	484	0	194	0	0	0	484	0	4	1,360
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	69	0	0	0	0	0	69
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	380	222	208	196	197	347	59	88	74	197	135	946	3,048
TOTAL Disbursements	\$12,482	\$8,115	\$10,076	\$8,468	\$7,675	\$9,281	\$6,835	\$6,621	\$8,736	\$7,526	\$4,851	\$6,073	\$96,738
EXCESS RECEIPTS/(DEFICIT)	-\$7,379	-\$1,017	-\$2,110	-\$3,558	-\$930	\$415	\$4,549	-\$610	-\$2,891	\$5,249	\$2,903	\$8,337	\$2,960
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$69	\$0	\$0	\$0	\$0	\$0	\$69
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	7,379	-5,983	2,110	3,558	930	-415	-4,619	610	2,891	-5,249	-2,903	-1,337	-3,029
External Borrowing	0	7,000	0	0	0	0	0	0	0	0	0	-7,000	0
TOTAL, Net Temporary Loans	\$7,379	\$1,017	\$2,110	\$3,558	\$930	-\$415	-\$4,550	\$610	\$2,891	-\$5,249	-\$2,903	-\$8,337	-\$2,960
ENDING CASH BALANCE													
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$948	\$948	\$948	\$948	\$948	\$948	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	18,681	20,059	20,865	19,021	19,636	19,993	20,360	20,286	20,702	19,414	20,303	19,659	19,659
External Borrowing	0	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	0
TOTAL, Available/Borrowable Resources	\$19,629	\$28,007	\$28,813	\$26,970	\$27,584	\$27,941	\$28,378	\$28,304	\$28,719	\$27,432	\$28,321	\$20,676	\$20,676
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$948	\$948	\$948	\$948	\$948	\$948	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	15,010	9,027	11,136	14,694	15,624	15,209	10,590	11,200	14,091	8,842	5,939	4,602	4,602
External Borrowing	0	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	0
TOTAL, Cumulative Loan Balances	\$15,958	\$16,975	\$19,085	\$22,642	\$23,573	\$23,157	\$18,608	\$19,218	\$22,108	\$16,860	\$13,957	\$5,620	\$5,620
UNUSED BORROWABLE RESOURCES	\$3,671	\$11,033	\$9,729	\$4,327	\$4,011	\$4,784	\$9,770	\$9,086	\$6,611	\$10,572	\$14,364	\$15,057	\$15,057
Cash and Unused Borrowable Resources	\$3,671	\$11,033	\$9,729	\$4,327	\$4,011	\$4,784	\$9,770	\$9,086	\$6,611	\$10,572	\$14,364	\$15,057	\$15,057

Note: Numbers may not add due to rounding.

**SCHEDULE 6
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

Year	Population ¹ (Thousands)	Employees	Employees per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund (Millions)	Total (Millions)	General Fund ² (Millions)	Total ³ (Millions)	General Fund ²	Total ³	General Fund ²	Total ³
1950-51	10,643	61,000	5.7	\$20.0	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.94	\$5.03
1951-52	11,130	63,860	5.7	23.1	734	1,086	635	1,068	57.05	95.96	2.75	4.62
1952-53	11,638	65,720	5.6	25.7	774	1,151	714	1,177	61.35	101.13	2.78	4.58
1953-54	12,101	69,928	5.8	27.5	798	1,271	809	1,381	66.85	114.12	2.94	5.02
1954-55	12,517	74,099	5.9	28.4	879	1,434	852	1,422	68.07	113.61	3.00	5.01
1955-56	13,004	77,676	6.0	31.3	1,005	1,578	923	1,533	70.98	117.89	2.95	4.90
1956-57	13,581	88,299	6.5	34.2	1,079	1,834	1,030	1,732	75.84	127.53	3.01	5.06
1957-58	14,177	98,015	6.9	36.8	1,111	1,751	1,147	1,891	80.91	133.39	3.12	5.14
1958-59	14,741	101,982	6.9	38.6	1,210	1,925	1,246	1,932	84.53	131.06	3.23	5.01
1959-60	15,288	108,423	7.1	42.4	1,491	2,198	1,435	2,086	93.86	136.45	3.38	4.92
1960-61	15,863	115,737	7.3	44.8	1,598	2,338	1,678	2,525	105.78	159.18	3.75	5.64
1961-62	16,412	122,339	7.5	47.5	1,728	2,451	1,697	2,406	103.40	146.60	3.57	5.07
1962-63	16,951	128,981	7.6	51.3	1,866	2,668	1,881	2,703	110.97	159.46	3.67	5.27
1963-64	17,530	134,721	7.7	54.8	2,137	3,057	2,064	3,182	117.74	181.52	3.77	5.81
1964-65	18,026	143,896	8.0	59.4	2,245	3,295	2,345	3,652	130.09	202.60	3.95	6.15
1965-66	18,464	151,199	8.2	63.4	2,509	3,581	2,580	4,059	139.73	219.83	4.07	6.40
1966-67	18,831	158,404	8.4	68.9	2,895	4,073	3,017	4,659	160.21	247.41	4.38	6.76
1967-68	19,175	162,677	8.5	74.2	3,682	4,927	3,273	5,014	170.69	261.49	4.41	6.76
1968-69	19,432	171,655	8.8	81.4	4,136	5,450	3,909	5,673	201.16	291.94	4.80	6.97
1969-70	19,745	179,583	9.1	89.3	4,330	5,743	4,456	6,302	225.68	319.17	4.99	7.06
1970-71	20,039	181,581	9.1	96.1	4,534	5,919	4,854	6,556	242.23	327.16	5.05	6.82
1971-72	20,346	181,912	8.9	102.3	5,395	6,897	5,027	6,684	247.08	328.52	4.91	6.53
1972-73	20,585	188,460	9.2	112.2	5,780	7,366	5,616	7,422	272.82	360.55	5.01	6.61
1973-74	20,869	192,918	9.2	124.0	6,978	8,715	7,299	9,311	349.75	446.16	5.89	7.51
1974-75	21,174	203,548	9.6	138.8	8,630	10,405	8,349	10,276	394.30	485.31	6.02	7.40
1975-76	21,538	206,361	9.6	153.7	9,639	11,567	9,518	11,452	441.92	531.71	6.19	7.45
1976-77	21,936	213,795	9.7	171.9	11,381	13,463	10,467	12,632	477.16	575.86	6.09	7.35
1977-78	22,352	221,251	9.9	191.6	13,695	15,962	11,686	14,003	522.82	626.48	6.10	7.31
1978-79	22,836	218,530	9.6	218.6	15,219	17,711	16,251	18,745	711.64	820.85	7.43	8.58
1979-80	23,257	220,193	9.5	249.3	17,985	20,919	18,534	21,488	796.92	923.94	7.43	8.62
1980-81	23,782	225,567	9.5	283.9	19,023	22,104	21,105	24,511	887.44	1,030.65	7.43	8.63
1981-82	24,278	228,813	9.4	319.2	20,960	23,601	21,693	25,022	893.53	1,030.65	6.80	7.84
1982-83	24,805	228,489	9.2	341.1	21,233	24,291	21,751	25,330	876.88	1,021.17	6.38	7.43
1983-84	25,337	226,695	8.9	368.2	23,809	27,626	22,869	26,797	902.59	1,057.62	6.21	7.28
1984-85	25,816	229,845	8.9	411.3	26,536	31,570	25,722	30,961	996.36	1,199.30	6.25	7.53
1985-86	26,403	229,641	8.7	443.6	28,072	33,558	28,841	34,977	1,092.34	1,324.74	6.50	7.88
1986-87	27,052	232,927	8.6	475.0	32,519	37,767	31,469	38,079	1,163.28	1,407.62	6.63	8.02
1987-88	27,717	237,761	8.6	512.4	32,534	38,773	33,021	40,452	1,191.36	1,459.47	6.44	7.89
1988-89	28,393	248,173	8.7	555.5	36,953	43,322	35,897	44,634	1,264.29	1,572.01	6.46	8.03
1989-90	29,142	254,589	8.7	597.5	38,750	46,453	39,456	48,594	1,353.92	1,667.49	6.60	8.13
1990-91	29,828	260,622	8.7	640.5	38,214	47,024	40,264	51,446	1,349.87	1,724.76	6.29	8.03
1991-92	30,459	261,713	8.6	662.3	42,026	53,117	43,327	56,280	1,422.47	1,847.73	6.54	8.50
1992-93	30,987	260,939	8.4	695.0	40,946	52,526	40,948	56,480	1,321.46	1,822.70	5.89	8.13
1993-94	31,314	265,035	8.5	711.3	40,095	52,384	38,958	53,083	1,244.11	1,695.18	5.48	7.46
1994-95	31,524	269,004	8.5	738.3	42,710	54,942	41,961	54,613	1,331.08	1,732.43	5.68	7.40
1995-96	31,712	271,076	8.5	776.5	46,296	59,266	45,393	59,870	1,431.41	1,887.93	5.85	7.71
1996-97	31,963	271,966	8.5	825.7	49,220	62,831	49,088	64,523	1,535.78	2,018.68	5.95	7.81
1997-98	32,453	264,551	8.2	879.2	54,973	69,424	52,874	68,528	1,629.25	2,111.61	6.01	7.79
1998-99	32,863	282,860	8.6	963.1	58,615	74,281	57,827	75,260	1,759.64	2,290.11	6.00	7.81
1999-00	33,419	296,076	8.9	1,027.7	71,931	87,536	66,494	84,864	1,989.71	2,539.39	6.47	8.26
2000-01	34,001	311,239	9.2	1,135.3	71,428	88,419	78,053	96,382	2,295.61	2,834.68	6.88	8.49
2001-02	34,513	322,277	9.3	1,168.7	72,239	89,780	76,752	99,220	2,223.86	2,874.86	6.57	8.49
2002-03	34,938	321,394	9.2	1,187.3	80,564	95,794	77,482	106,779	2,217.70	3,056.24	6.53	8.99
2003-04	35,389	316,860	9.0	1,233.0	76,774	96,365	78,345	104,223	2,213.82	2,945.07	6.35	8.45
2004-05	35,753	313,684	8.8	1,312.2	82,209	104,462	79,804	107,591	2,232.09	3,009.29	6.08	8.20
2005-06	35,986	317,593	8.8	1,387.7	93,427	118,331	91,592	119,612	2,545.21	3,323.85	6.60	8.62
2006-07	36,247	335,384	9.3	1,495.5	95,415	120,663	101,413	129,968	2,797.83	3,585.62	6.78	8.69
2007-08	36,553	343,118	9.4	1,566.4	102,574	127,194	102,986	138,065	2,817.44	3,777.12	6.57	8.81
2008-09	36,856	350,609	9.5	1,610.7	82,772	106,319	90,940	122,386	2,467.44	3,320.65	5.65	7.60
2008-09 ⁴	-	-	-	-	-	-	94,777	126,223	2,571.55	3,424.76	5.88	7.84
2009-10	37,077	345,777	9.3	1,516.7	87,041	109,989	87,237	117,001	2,352.86	3,155.62	5.75	7.71
2009-10 ⁴	-	-	-	-	-	-	96,389	126,153	2,599.70	3,402.46	6.36	8.32
2010-11	37,309	371,959 ⁵	10.0	1,564.2	93,443	122,463	91,549	130,981	2,453.80	3,510.71	5.85	8.37
2010-11 ⁴	-	-	-	-	-	-	96,470	135,902	2,585.70	3,642.61	6.17	8.69
2011-12	37,570	356,808 ⁵	9.5	1,645.1	87,071	119,077	86,404	126,361	2,299.81	3,363.35	5.25	7.68
2011-12 ⁴	-	-	-	-	-	-	87,641	127,598	2,332.74	3,396.28	5.33	7.76
2012-13	37,826	346,279 ⁵	9.2	1,728.4	95,394	134,402	92,994	144,937	2,458.46	3,831.68	5.38	8.39
2012-13 ⁴	-	-	-	-	-	-	95,616	147,559	2,527.78	3,900.99	5.53	8.54
2013-14	38,118	348,046 ⁵	9.1	1,802.0	98,501	138,675	97,650	145,827	2,561.79	3,825.66	5.42	8.09
2013-14 ⁴	-	-	-	-	-	-	98,767	146,944	2,591.09	3,854.97	5.48	8.15

¹ Population as of July 1, the beginning of the fiscal year.

² Includes Special Accounts in General Fund from 1973-74 to 1976-77.

³ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

⁴ Excludes expenditure offsets from the receipt of federal funds, Proposition 1A securitization, and property tax shifts.

⁵ Beginning with the 2010-11 fiscal year, "Employees" displays positions, as opposed to prior years that show personnel years.

SCHEDULE 8
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2011-12			Estimated 2012-13			Proposed 2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Sources									
MAJOR TAXES AND LICENSES									
Alcoholic Beverage Taxes and Fees	\$346,000	-	\$346,000	\$320,000	-	\$320,000	\$326,000	-	\$326,000
Corporation Tax	7,949,000	-	7,949,000	7,580,000	-	7,580,000	9,130,000	-	9,130,000
Cigarette Tax	95,000	800,677	895,677	91,000	771,000	862,000	89,000	748,000	837,000
Horse Racing (Parimutuel) License Fees	1,150	14,688	15,838	1,200	13,340	14,540	1,200	13,388	14,588
Estate, Inheritance and Gift Tax	-	-	-	45,000	-	45,000	290,000	-	290,000
Insurance Gross Premiums Tax	2,165,000	251,073	2,416,073	2,022,000	364,348	2,386,348	2,198,000	484,718	2,682,718
Trailer Coach License (In-Lieu) Fees	20,698	2,398	23,096	21,718	2,388	24,106	22,632	2,388	25,020
Motor Vehicle License (In-Lieu) Fees	70,000	1,978,751	2,048,751	4,000	1,934,821	1,938,821	-	1,964,397	1,964,397
Motor Vehicle Fuel Tax (Gasoline)	-	5,181,536	5,181,536	-	5,322,368	5,322,368	-	5,738,549	5,738,549
Motor Vehicle Fuel Tax (Diesel)	-	362,994	362,994	-	296,207	296,207	-	287,645	287,645
Motor Vehicle Registration	-	3,836,019	3,836,019	-	3,829,317	3,829,317	-	3,920,648	3,920,648
Personal Income Tax	53,836,409	1,188,026	55,024,435	60,647,000	1,349,000	61,996,000	61,746,816	1,194,000	62,940,816
Retail Sales and Use Tax-Realignment	-	7,983,073	7,983,073	-	8,366,827	8,366,827	-	8,982,056	8,982,056
Retail Sales and Use Taxes	18,652,000	588,803	19,240,803	20,714,000	635,759	21,349,759	23,264,000	610,777	23,874,777
Retail Sales and Use Tax-Fiscal Recovery	-	1,312,362	1,312,362	-	1,399,700	1,399,700	-	1,496,100	1,496,100
TOTALS, MAJOR TAXES AND LICENSES	\$83,135,257	\$23,500,400	\$106,635,657	\$91,445,918	\$24,285,075	\$115,730,993	\$97,067,648	\$25,442,666	\$122,510,314
MINOR REVENUES									
REGULATORY TAXES AND LICENSES									
General Fish and Game Taxes	-	1,155	1,155	-	1,181	1,181	-	1,214	1,214
Energy Resource Surcharge	-	646,500	646,500	-	673,104	673,104	-	858,076	858,076
Quarterly Public Utility Commission Fees	-	119,859	119,859	-	129,057	129,057	-	129,057	129,057
Penalties on Pub Util Comm Qtrly Fees	-	2	2	-	-	-	-	-	-
Hwy Carrier Uniform Business License Tax	-	-	-	153	-	153	153	-	153
Off-Highway Vehicle Fees	-	24,262	24,262	-	23,500	23,500	-	23,500	23,500
Liquor License Fees	-	53,169	53,169	-	54,228	54,228	-	55,309	55,309
Genetic Disease Testing Fees	-	112,298	112,298	-	114,730	114,730	-	119,529	119,529
Other Regulatory Taxes	-	83,284	83,284	-	95,451	95,451	-	101,347	101,347
New Motor Vehicle Dealer License Fee	-	1,056	1,056	-	1,487	1,487	-	1,622	1,622
General Fish and Game Lic Tags Permits	-	97,685	97,685	-	102,529	102,529	-	105,938	105,938
Duck Stamps	-	11	11	-	-	-	-	11	11
Elevator and Boiler Inspection Fees	-	28,047	28,047	-	28,150	28,150	-	28,860	28,860
Industrial Homework Fees	1	-	1	-	-	-	-	-	-
Employment Agency License Fees	662	4,464	5,126	550	4,458	5,008	580	4,458	5,038
Employment Agency Filing Fees	93	-	93	79	-	79	79	-	79
Teacher Credential Fees	-	12,001	12,001	-	15,177	15,177	-	14,711	14,711
Teacher Examination Fees	-	3,792	3,792	-	4,692	4,692	-	4,462	4,462
Insurance Co License Fees & Penalties	-	37,624	37,624	-	39,258	39,258	-	44,169	44,169
Insurance Company Examination Fees	-	20,443	20,443	-	20,011	20,011	-	20,112	20,112
Real Estate Examination Fees	-	2,636	2,636	-	2,540	2,540	-	2,540	2,540
Real Estate License Fees	-	36,615	36,615	-	31,864	31,864	-	33,106	33,106
Subdivision Filing Fees	-	4,374	4,374	-	4,502	4,502	-	4,720	4,720
Building Construction Filing Fees	-	5,718	5,718	-	4,962	4,962	-	4,474	4,474
Domestic Corporation Fees	-	8,281	8,281	-	7,453	7,453	-	7,453	7,453
Foreign Corporation Fees	-	1,052	1,052	-	947	947	-	947	947

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

Sources	Actual 2011-12			Estimated 2012-13			Proposed 2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Notary Public License Fees	-	892	892	-	892	892	-	892	892
Filing Financing Statements	-	2,217	2,217	-	2,217	2,217	-	2,217	2,217
Candidate Filing Fee	795	-	795	18	-	18	1,100	-	1,100
Beverage Container Redemption Fees	-	1,152,469	1,152,469	-	1,151,635	1,151,635	-	1,150,635	1,150,635
Explosive Permit Fees	-	1	1	-	18	18	-	18	18
Processing Fees	-	325	325	-	262	262	-	325	325
Environmental and Hazardous Waste Fees	-	74,883	74,883	-	74,903	74,903	-	74,453	74,453
Other Regulatory Fees	524,935	1,889,126	2,414,061	552,504	7,523,101	8,075,605	53,901	5,952,864	6,006,765
Other Regulatory Licenses and Permits	5,091	494,960	500,051	4,872	495,182	500,054	4,972	511,515	516,487
Renewal Fees	-	244,206	244,206	-	241,753	241,753	-	244,176	244,176
Delinquent Fees	-	6,792	6,792	-	6,180	6,180	-	6,147	6,147
Private Rail Car Tax	8,041	-	8,041	8,041	-	8,041	8,041	-	8,041
Insurance Department Fees, Prop 103	-	23,791	23,791	-	27,233	27,233	-	28,612	28,612
Insurance Department Fees, General	-	19,879	19,879	-	19,642	19,642	-	29,463	29,463
Insurance Fraud Assessment, Workers Comp	-	47,163	47,163	-	49,562	49,562	-	49,629	49,629
Insurance Fraud Assessment, Auto	-	47,249	47,249	-	48,195	48,195	-	49,400	49,400
Insurance Fraud Assessment, General	-	6,132	6,132	-	8,790	8,790	-	13,653	13,653
Totals, REGULATORY TAXES AND LICENSES	\$539,618	\$5,314,353	\$5,853,971	\$566,217	\$11,008,846	\$11,575,063	\$68,826	\$9,679,614	\$9,748,440
REVENUE FROM LOCAL AGENCIES									
Architecture Public Building Fees	-	34,074	34,074	-	32,691	32,691	-	32,691	32,691
Penalties on Traffic Violations	-	77,431	77,431	-	74,903	74,903	-	72,595	72,595
Penalties on Felony Convictions	2	53,381	53,383	4	57,001	57,005	4	57,001	57,005
Fines-Crimes of Public Offense	60	12,372	12,432	60	6,000	6,060	64	6,000	6,064
Fish and Game Violation Fines	-	1,429	1,429	-	1,005	1,005	-	838	838
Penalty Assessments on Fish & Game Fines	-	626	626	-	609	609	-	565	565
Interest on Loans to Local Agencies	126	982	1,108	60	1,200	1,260	60	1,192	1,252
Add'l Assmnts on Fish & Game Fines	-	66	66	-	66	66	-	64	64
Narcotic Fines	1,885	-	1,885	1,000	-	1,000	1,000	-	1,000
Fingerprint ID Card Fees	-	64,643	64,643	-	69,995	69,995	-	69,995	69,995
Misc Revenue From Local Agencies	241,788	1,076,231	1,318,019	242,234	1,422,145	1,664,379	210,498	1,461,727	1,672,225
Open Space Cancellation Fee Deferrd Taxes	-	2,385	2,385	-	2,500	2,500	-	1,500	1,500
Rev Local Govt Agencies-Cost Recoveries	14,005	8,258	22,263	17,018	8,341	25,359	19,018	8,424	27,442
Totals, REVENUE FROM LOCAL AGENCIES	\$257,866	\$1,331,878	\$1,589,744	\$260,376	\$1,676,456	\$1,936,832	\$230,644	\$1,712,592	\$1,943,236
SERVICES TO THE PUBLIC									
Pay Patients Board Charges	17,000	-	17,000	11,503	-	11,503	10,239	-	10,239
State Beach and Park Service Fees	-	92,413	92,413	-	85,000	85,000	-	85,000	85,000
Parking Lot Revenues	-	9,001	9,001	-	8,892	8,892	-	8,912	8,912
Emergency Telephone Users Surcharge	-	83,320	83,320	-	80,700	80,700	-	78,100	78,100
Sales of Documents	35	4,330	4,365	58	4,661	4,719	58	4,674	4,732
General Fees--Secretary of State	92	26,128	26,220	182	26,627	26,809	262	26,777	27,039
Parental Fees	-	5,155	5,155	-	10,140	10,140	-	9,553	9,553
Miscellaneous Services to the Public	2,444	154,370	156,814	2,008	161,541	163,549	2,008	166,999	169,007
Medicare Receipts Frm Federal Government	18,123	-	18,123	15,966	-	15,966	15,587	-	15,587
Personalized License Plates	-	57,293	57,293	-	57,574	57,574	-	57,512	57,512
Totals, SERVICES TO THE PUBLIC	\$37,694	\$431,950	\$469,644	\$29,717	\$435,135	\$464,852	\$28,154	\$437,527	\$465,681

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2011-12			Estimated 2012-13			Proposed 2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Sources									
USE OF PROPERTY AND MONEY									
Income From Pooled Money Investments	25,000	345	25,345	30,000	342	30,342	34,000	293	34,293
Income From Surplus Money Investments	1,864	32,933	34,797	1,640	142,114	143,754	1,540	92,921	94,461
Interest Income From Loans	4,951	3,470	8,421	4,021	4,365	8,386	3,996	4,098	8,094
Interest Income From Interfund Loans	186	29,730	29,916	-	8,855	8,855	-	42,810	42,810
Income From Condemnation Deposits Fund	-	170	170	-	1,223	1,223	-	1,109	1,109
Federal Lands Royalties	-	95,347	95,347	-	95,347	95,347	-	95,347	95,347
Oil & Gas Lease-1% Revenue City/County	793	-	793	750	-	750	750	-	750
Geothermal Resource Well Fees	-	5,096	5,096	-	3,950	3,950	-	3,950	3,950
Rentals of State Property	20,487	48,908	69,395	21,530	51,079	72,609	21,921	51,534	73,455
Misc Revenue Firm Use of Property & Money	793	21,259	22,052	2,249	23,502	25,751	2,249	22,204	24,453
School Lands Royalties	-	43	43	-	50	50	-	50	50
State Lands Royalties	478,525	-	478,525	324,018	-	324,018	296,697	-	296,697
Totals, USE OF PROPERTY AND MONEY	\$532,599	\$237,301	\$769,900	\$384,208	\$330,827	\$715,035	\$361,153	\$314,316	\$675,469
MISCELLANEOUS									
Attorney General Proceeds of Anti-Trust	-	1,906	1,906	-	1,905	1,905	-	1,905	1,905
Penalties & Interest on UI & DI Contrib	-	129,793	129,793	-	104,403	104,403	-	91,430	91,430
Sale of Fixed Assets	5	42,094	42,099	-	199	199	-	46,828	46,828
Sale of Confiscated Property	6,543	39	6,582	6,560	20	6,580	6,560	20	6,580
Sale of State's Public Lands	-	9,092	9,092	-	21,686	21,686	-	13,436	13,436
Proceeds From Estates of Deceased Person	830	-	830	830	-	830	830	-	830
Revenue-Abandoned Property	401,257	-	401,257	307,674	-	307,674	320,530	-	320,530
Escheat of Unclaimed Checks & Warrants	29,888	6,946	36,834	32,131	7,677	39,808	32,023	7,780	39,803
Miscellaneous Revenue	177,639	363,176	540,815	171,664	436,631	608,295	169,120	410,928	580,048
Penalties & Intrst on Personal Income Tx	-	18,841	18,841	-	14,705	14,705	-	14,927	14,927
Other Revenue - Cost Recoveries	36,877	118,849	155,726	33,261	113,324	146,585	36,057	116,340	152,397
Tribal Gaming Revenues	268,188	42,170	310,358	236,600	43,000	279,600	236,600	45,476	282,076
Delinquent Receivables-Cost Recoveries	9,641	126	9,767	9,641	-	9,641	9,641	-	9,641
Settlements/Judgments(not Anti-Trust)	24,038	2,398	26,436	104,797	4,310	109,107	203,014	4,210	207,224
Uninsured Motorist Fees	1,349	339	1,688	1,423	343	1,766	1,423	346	1,769
Traffic Violations	-	41,547	41,547	-	42,229	42,229	-	41,512	41,512
Parking Violations	15,922	1,262	17,184	15,922	1,060	16,982	15,922	1,060	16,982
Penalty Assessments	82,553	228,772	311,325	28,968	268,615	297,583	22,118	229,114	251,232
Civil & Criminal Violation Assessment	357	186,536	186,893	175	168,536	168,711	150	157,442	157,592
Fines and Forfeitures	3,296	214,040	217,336	3,290	208,388	211,678	3,290	208,789	212,079
Court Filing Fees and Surcharges	-	606,431	606,431	-	662,297	662,297	-	660,759	660,759
Penalty Assessments on Criminal Fines	-	268,550	268,550	-	268,084	268,084	-	268,133	268,133
Donations	9	745	754	-	624	624	-	720	720
Auction Proceeds for Carbon Allowances	-	-	-	-	200,000	200,000	-	400,000	400,000
Miscellaneous Tax Revenue	-	-	-	-45,000	-	-45,000	-290,000	-	-290,000
Cash Adjustment for Transportation Funds	-	-76,955	-76,955	-	-20,000	-20,000	-	-62,000	-62,000
Cash Adjustment for Transportation Funds	-	180,516	180,516	-	70,000	70,000	-	62,000	62,000
Totals, MISCELLANEOUS	\$1,058,392	\$2,387,213	\$3,445,605	\$907,936	\$2,618,036	\$3,525,972	\$767,278	\$2,721,155	\$3,488,433
TOTALS, MINOR REVENUES	\$2,426,169	\$9,702,695	\$12,128,864	\$2,148,454	\$16,069,300	\$18,217,754	\$1,456,055	\$14,865,204	\$16,321,259
TOTALS, REVENUES	\$85,561,426	\$33,203,095	\$118,764,521	\$93,594,372	\$40,354,375	\$133,948,747	\$98,523,703	\$40,307,870	\$138,831,573

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2011-12			Estimated 2012-13			Proposed 2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
TRANSFERS AND LOANS									
General Fund	-339,652	338,989	-663	-185,633	182,585	-3,048	-568,972	468,972	-100,000
Property Acquisition Law Money Account	1,900	-1,900	-	2,708	-2,708	-	1,500	-1,500	-
Motor Vehicle Parking Facil Monies Acct	-	-184	-184	-	-	-	-	-	-
Fingerprint Fees Account	24,000	-24,000	-	-	-	-	-	-	-
Motor Vehicle Insurance Account, State	25,000	-25,000	-	-	-	-	-	-	-
Unified Program Account	8,700	-8,700	-	-	-	-	-	-	-
Special Account for Capital Outlay	-	-	-	93	-93	-	-	-	-
Highway Account, State, STF	207,570	-207,570	-	777,431	-777,431	-	38,685	-38,685	-
Motor Vehicle Account, STF	71,624	-71,624	-	366,100	-366,110	-10	66,100	-66,110	-10
Motor Vehicle Fuel Account, TTF	11,662	-72,040	-60,378	100,732	-131,286	-30,554	109,752	-140,306	-30,554
Motor Vehicle Trans Tax Account, TTF	-	-	-	-	-	-	1,751	-1,751	-
Corporations Fund, State	-	-	-	-	-	-	15,000	-15,000	-
Barbering & Cosmetology Contingent Fund	11,000	-11,000	-	-	-	-	-	-	-
Childhood Lead Poisoning Prevention Fund	9,062	-9,062	-	-	-	-	-	-	-
Used Oil Recycling Fund, California	2,500	-2,500	-	-	-	-	-	-	-
Acupuncture Fund	5,000	-5,000	-	-	-	-	-	-	-
Department of Agriculture Account, Ag Fd	-	-	-	38,655	-38,655	-	38,655	-38,655	-
Hospital Building Fund	75,000	-75,000	-	-	-	-	-	-	-
AIDS Vaccine Research Develop Grant Fd	27	-27	-	-	-	-	-	-	-
Driving Under-the-Influence Prog Lic Trs	1,500	-1,500	-	-	-	-	-	-	-
Driver Training Penalty Assessment Fund	6,384	-6,384	-	3,531	-3,531	-	8,472	-8,472	-
Employment Development Dept Benefit Audit	17,748	-17,748	-	14,232	-14,232	-	514	-514	-
Employment Development Contingent Fund	57,114	-57,114	-	32,630	-32,630	-	44,517	-44,517	-
Business Fees Fund, Secty of State's	5,124	-5,124	-	9,083	-9,083	-	7,314	-7,314	-
Private Security Services Fund	4,000	-4,000	-	-	-	-	-	-	-
Off-Highway Vehicle Trust Fund	-	-	-	103,767	-103,767	-	-	-	-
Osteopathic Medical Bd of Calif Contin Fd	1,500	-1,500	-	-	-	-	-	-	-
Physician Assistant Fund	1,500	-1,500	-	-	-	-	-	-	-
Private Postsecondary Education Admin Fd	3,000	-3,000	-	-	-	-	-	-	-
Collins-Dugan Calif Conserv Corps Reimb	10,000	-10,000	-	-	-	-	-	-	-
Indian Gaming Special Distribution Fund	-	-27,100	-27,100	-	-33,500	-33,500	-	-40,000	-40,000
Speech-Language Pathology Audio Hearing	1,150	-1,150	-	-	-	-	-	-	-
False Claims Act Fund	20,000	-20,000	-	7,700	-7,700	-	-	-	-
Renewable Resource Trust Fund	-	-1,011	-1,011	-	-	-	-	-	-
Victim - Witness Assistance Fund	11,000	-11,000	-	-	-	-	-	-	-
Olympic Training Account, California	128	-128	-	92	-92	-	92	-92	-
Occupancy Compliance Monitoring Account	22,000	-22,000	-	-	-	-	-	-	-
Tax Credit Allocation Fee Account	13,000	-13,000	-	-	-	-	-	-	-
Dealers' Record of Sale Special Account	11,500	-11,500	-	-	-	-	-	-	-
Financial Responsibility Penalty Account	1,115	-1,115	-	1,000	-1,000	-	1,000	-1,000	-
Harbors and Watercraft Revolving Fund	-	1,740	1,740	56,848	11,200	68,048	-	10,775	10,775
Alternative Energy Authority Fund, Calif	-	1,398	1,398	-	-	-	-	-	-
Gambling Control Fund	19,000	-19,000	-	-	-	-	-	-	-
Uninsured Employers Benefits Trust Fund	-	2,200	2,200	-	-	-	-	-	-

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2011-12			Estimated 2012-13			Proposed 2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Sources									
Unemployment Compensation Disability Fd	303,620	-	303,620	308,391	-	308,391	-	-	-
Ballot Paper Revolving Fund	313	-	313	-	-	-	-	-	-
Public Buildings Construction Fund	-	-	-	8,453	-	8,453	-	-	-
Service Revolving Fund	1,186	-	1,186	1,186	-	1,186	1,186	-	1,186
Prison Industries Revolving Fund	-	-	-	32,000	-	32,000	-	-	-
Accountancy Fund	1,000	-1,000	-	-	-	-	-	-	-
School Building Aid Fund, State	5,745	-	5,745	1,986	-	1,986	2,594	-	2,594
Home Furnish & Thermal Insulation Fund	1,500	-1,500	-	-	-	-	-	-	-
Contingent Fd of the Medical Board of CA	9,000	-9,000	-	-	-	-	-	-	-
Physical Therapy Fund	1,500	-1,500	-	-	-	-	-	-	-
Registered Nursing Fund, Board of	11,300	-11,300	-	-	-	-	-	-	-
Optometry Fund, State	1,000	-1,000	-	-	-	-	-	-	-
Private Investigator Fund	1,500	-1,500	-	-	-	-	-	-	-
Professional Engineer & Land Surveyor Fd	5,000	-5,000	-	-	-	-	-	-	-
Behavioral Science Examiners Fund	3,300	-3,300	-	-	-	-	-	-	-
Medi-Cal Inpatient Pymt Adjustment Fund	45,200	-	45,200	-	-	-	-	-	-
Birth Defects Research Fund	4	-	4	-	-	-	-	-	-
Special Deposit Fund	162	-	162	-	-	-	-	-	-
Rural CUPA Reimbursement Account	1,300	-1,300	-	-	-	-	-	-	-
Firearms Safety and Enforcement Spec Fd	4,900	-4,900	-	-	-	-	-	-	-
Missing Persons DNA Data Base Fund	4,000	-4,000	-	-	-	-	-	-	-
Antiterrorism Fund	1,000	-1,000	-	-	-	-	-	-	-
State Court Facilities Construction Fund	350,000	-350,000	-	-	-	-	-	-	-
Community Revitalization Fee Fund	-	-	-	1	-1	-	-	-	-
Registry of Charitable Trusts Fund	2,700	-2,700	-	-	-	-	-	-	-
Private Hospital Supplemental Fund	32,700	-32,700	-	17,500	-17,500	-	8,750	-8,750	-
Youthful Offender Block Grant Fund	-	-	-	643	-643	-	-	-	-
Managed Care Admin Fines & Penalties Fnd	-	-1,000	-1,000	-	-1,000	-1,000	-	-1,000	-1,000
Immediate and Critical Needs Acct, SCFCF	400,275	-400,275	-	-	-	-	200,000	-200,000	-
Wtr Pltn Cntrl Rvl Fnd Smil Cmty Cmt Fd	1,000	-1,000	-	-	-	-	-	-	-
Recreational Health Fund	-	-	-	341	-341	-	-	-	-
Enterprise Zone Fund	-	-	-	400	-400	-	-	-	-
Centrl Cst St Vet Cmty Ft Ord Endow, CA	-	-	-	-	1,074	1,074	-	-	-
National Mortgage Special Deposit Fund	-	-	-	-	-	-	-	-	-
TOTALS, TRANSFERS AND LOANS	\$1,509,361	\$-1,197,072	\$312,289	\$1,799,870	\$-1,346,844	\$453,026	\$-23,090	\$-133,919	\$-157,009
TOTALS, REVENUES AND TRANSFERS	\$87,070,787	\$32,006,023	\$119,076,810	\$95,394,242	\$39,007,531	\$134,401,773	\$98,500,613	\$40,173,951	\$138,674,564

SCHEDULE 9
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
LEGISLATIVE, JUDICIAL, AND EXECUTIVE															
Legislative															
Legislature															
Senate															
State Operations	\$109,350	-	-	\$109,350	-	\$109,350	-	-	\$109,350	-	\$109,350	-	-	\$109,350	-
Assembly															
State Operations	146,716	-	-	146,716	-	146,716	-	-	146,716	-	146,716	-	-	146,716	-
Totals, Legislature	\$256,066	-	-	\$256,066	-	\$256,066	-	-	\$256,066	-	\$256,066	-	-	\$256,066	-
Legislative Counsel Bureau															
State Operations	74,616	-	-	74,616	-	73,065	-	-	73,065	-	75,303	-	-	75,303	-
Totals, Legislative	\$330,682	-	-	\$330,682	-	\$329,131	-	-	\$329,131	-	\$331,369	-	-	\$331,369	-
Judicial															
Judicial Branch															
State Operations	334,832	192,084	-	526,916	3,566	341,740	248,592	-	590,332	4,537	345,364	287,793	-	633,157	4,537
Local Assistance	880,100	1,619,121	-	2,499,221	898	413,187	1,791,682	-	2,204,869	2,275	809,655	1,558,970	-	2,368,625	2,275
Capital Outlay	-	103,154	-	103,154	-	-	21,410	-	21,410	-	-	48,339	-	48,339	-
Totals, Judicial Branch	\$1,214,932	\$1,914,359	-	\$3,129,291	\$4,464	\$754,927	\$2,061,684	-	\$2,816,611	\$6,812	\$1,155,019	\$1,895,102	-	\$3,050,121	\$6,812
Commission on Judicial Performance															
State Operations	3,897	-	-	3,897	-	4,199	-	-	4,199	-	4,199	-	-	4,199	-
Judges' Retirement System Contributions															
State Operations	3,799	-	-	3,799	-	3,515	-	-	3,515	-	3,498	-	-	3,498	-
Local Assistance	248,953	-	-	248,953	-	209,663	-	-	209,663	-	241,727	-	-	241,727	-
Totals, Judges' Retirement System	\$252,752	-	-	\$252,752	-	\$213,178	-	-	\$213,178	-	\$245,225	-	-	\$245,225	-
Contribution															
Totals, Judicial	\$1,471,581	\$1,914,359	-	\$3,385,940	\$4,464	\$972,304	\$2,061,684	-	\$3,033,988	\$6,812	\$1,404,443	\$1,895,102	-	\$3,299,545	\$6,812
Executive/Governor															
Governor's Office															
State Operations	7,946	-	-	7,946	-	10,208	-	-	10,208	-	10,609	-	-	10,609	-
Governor's Office of Bus & Econ Developm															
State Operations	-	-	-	-	-	3,695	-	-	3,695	-	7,163	114	-	7,277	-
State & Consumer Services, Secy															
State Operations	164	-	-	164	-	-	-	-	-	-	-	-	-	-	-
Business Transportation & Housing, Secy															
State Operations	2,415	1,287	-	3,702	-	2,476	1,536	-	4,012	-	-	-	-	-	-
Office of the Inspector General															
State Operations	15,187	-	-	15,187	-	14,964	-	-	14,964	-	15,496	-	-	15,496	-
Office of Planning & Research															
State Operations	1,839	-	-	1,839	19,054	1,956	-	-	1,956	2,136	2,090	-	-	2,090	1,800
Local Assistance	-	-	-	-	25,392	-	-	-	-	28,000	-	-	-	-	28,000
Totals, Office of Planning & Research	\$1,839	-	-	\$1,839	\$44,446	\$1,956	-	-	\$1,956	\$30,136	\$2,090	-	-	\$2,090	\$29,800
Office of Emergency Services															
State Operations	41,737	2,772	2,038	46,547	53,248	41,139	3,726	2,555	47,420	72,091	41,414	4,255	2,650	48,319	71,565
Local Assistance	71,557	29,489	100,000	201,046	805,706	71,597	22,239	100,000	193,836	939,494	61,597	22,324	100,000	183,921	936,194
Totals, Office of Emergency Services	\$113,294	\$32,261	\$102,038	\$247,593	\$858,954	\$112,736	\$25,965	\$102,555	\$241,256	\$1,011,585	\$103,011	\$26,579	\$102,650	\$232,240	\$1,007,759
Totals, Executive/Governor	\$140,845	\$33,548	\$102,038	\$276,431	\$903,400	\$146,035	\$27,501	\$102,555	\$276,091	\$1,041,721	\$138,369	\$26,693	\$102,650	\$267,712	\$1,037,559
Executive/Constitutional Offices															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14			
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund
Office of the Lieutenant Governor												
State Operations	927	-	-	927	-	1,001	-	-	1,001	-	1,023	-
Department of Justice												
State Operations	101,377	242,416	-	343,793	26,280	166,746	257,091	-	423,837	34,030	174,261	270,503
Local Assistance	-	4,883	-	4,883	-	-	4,883	-	4,883	-	-	4,883
Totals, Department of Justice	\$101,377	\$247,299	-	\$348,676	\$26,280	\$166,746	\$261,974	-	\$428,720	\$34,030	\$174,261	\$275,386
State Controller												
State Operations	75,031	28,057	1,443	104,531	1,108	87,237	32,664	1,613	121,514	1,102	41,996	6,890
Local Assistance	-194	-	-	-194	-	-183	-	-	-183	-	-180	-
Totals, State Controller	\$74,837	\$28,057	\$1,443	\$104,337	\$1,108	\$87,054	\$32,664	\$1,613	\$121,331	\$1,102	\$41,816	\$6,890
Department of Insurance												
State Operations	-	163,512	-	163,512	423	-	164,588	-	164,588	721	-	173,971
Local Assistance	-	57,028	-	57,028	-	-	57,037	-	57,037	-	-	62,498
Totals, Department of Insurance	-	\$220,540	-	\$220,540	\$423	-	\$221,625	-	\$221,625	\$721	-	\$236,469
Gambling Control Commission												
State Operations	-	8,854	-	8,854	-	-	12,209	-	12,209	-	-	6,589
Local Assistance	-	9,047	-	9,047	-	-	9,100	-	9,100	-	-	-
Totals, Gambling Control Commission	-	\$17,901	-	\$17,901	-	-	\$21,309	-	\$21,309	-	-	\$6,589
State Board of Equalization												
State Operations	274,093	62,071	-	336,164	139	297,215	76,089	-	373,304	439	313,483	79,404
Secretary of State												
State Operations	9,771	41,472	-	51,243	5,243	26,579	34,893	-	61,472	16,682	26,619	36,785
Local Assistance	-	-	-	-	61,286	-	-	-	-	2,463	-	-
Totals, Secretary of State	\$9,771	\$41,472	-	\$51,243	\$66,529	\$26,579	\$34,893	-	\$61,472	\$19,145	\$26,619	\$36,785
Citizens Redistricting Initiative												
State Operations	3,488	-	-	3,488	-	93	-	-	93	-	71	-
State Treasurer												
State Operations	2,723	-	-	2,723	-	4,531	-	-	4,531	-	4,736	-
Debt & Investment Advisory Commission												
State Operations	-	2,220	-	2,220	-	-	2,778	-	2,778	-	-	2,869
Debt Limit Allocation Committee												
State Operations	-	1,095	-	1,095	-	-	1,387	-	1,387	-	-	1,337
Industrial Divmt Financing Advisory Comm												
State Operations	-	34	-	34	-	-	261	-	261	-	-	268
Tax Credit Allocation Committee												
State Operations	-	4,736	-	4,736	-	-	5,747	-	5,747	-	-	6,055
Local Assistance	-	186	-	186	-	-	190	-	190	-	-	190
Totals, Tax Credit Allocation Committee	-	\$4,922	-	\$4,922	-	-	\$5,937	-	\$5,937	-	-	\$6,245
Alt Energy & Advanced Trans Fin Auth												
State Operations	-	156	-	156	-	-	170	-	170	-	-	170
Local Assistance	-	-	-	-	-	-	5,000	-	5,000	-	-	5,000
Totals, Alt Energy & Advanced Trans Fin Auth	-	\$156	-	\$156	-	-	\$5,170	-	\$5,170	-	-	\$5,170
Pollution Control Financing Authority												
Local Assistance	-	-	-	-	-	-	-	-	-	27,823	-	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14			
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund
Health Facilities Financing Authority												
State Operations	-	-	399	399	-	-	-	471	471	-	-	488
Local Assistance	-	-	109,507	109,507	-	-	-	262,000	262,000	-	-	169,000
Totals, Health Facilities Financing Authority	-	-	\$109,906	\$109,906	-	-	-	\$262,471	\$262,471	-	-	\$169,488
School Finance Authority												
State Operations	-	-	669	669	87	-	-	1,013	1,013	136	175	1,039
Local Assistance	-	-	-	-	19,999	-	-	-	-	20,000	92,031	-
Totals, School Finance Authority	-	-	\$669	\$669	\$20,086	-	-	\$1,013	\$1,013	\$20,136	\$92,206	-
Totals, Executive/Constitutional Offices	\$467,216	\$625,767	\$112,018	\$1,205,001	\$114,565	\$583,219	\$664,087	\$265,097	\$1,512,403	\$103,396	\$654,215	\$657,412
Statewide Distributed Costs												
General Obligation Bonds-LJE	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	13,272	-	-	13,272	-	12,957	-	-	12,957	-	17,984	-
Totals, Statewide Distributed Costs	\$13,272	-	-	\$13,272	-	\$12,957	-	-	\$12,957	-	\$17,984	-
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	\$2,423,596	\$2,573,674	\$214,056	\$5,211,326	\$1,022,429	\$2,043,646	\$2,753,272	\$367,652	\$5,164,570	\$1,151,929	\$2,546,380	\$2,579,207
State Operations	1,223,180	750,766	4,549	1,978,495	109,148	1,349,382	841,731	5,652	2,196,765	131,874	1,341,550	877,003
Local Assistance	1,200,416	1,719,754	209,507	3,129,677	913,281	694,264	1,890,131	362,000	2,946,395	1,020,055	1,204,830	1,653,865
Capital Outlay	-	103,154	-	103,154	-	-	21,410	-	21,410	-	-	48,339
BUSINESS, CONSUMER SERVICES, & HOUSING												
Business, Consumer Svcs, & Housing, Secy												
State Operations	-	-	-	-	-	-	-	-	-	-	106	592
Department of Consumer Affairs, Boards												
State Operations	-	239,409	-	239,409	-	-	268,431	-	268,431	-	-	285,732
Department of Consumer Affairs, Bureaus												
State Operations	-	207,503	-	207,503	-	-	214,430	-	214,430	-	-	279,534
Seismic Safety Commission, A. E. Alquist												
State Operations	-	1,068	-	1,068	-	630	283	-	913	-	-	1,122
Department of Fair Employment & Housing												
State Operations	11,989	-	-	11,989	4,432	12,735	-	-	12,735	5,506	13,191	-
Business Oversight												
State Operations	-	-	-	-	-	-	-	-	-	-	-	78,303
Fair Employment & Housing Commission												
State Operations	780	-	-	780	-	491	-	-	491	-	-	-
Horse Racing Board												
State Operations	-	11,560	-	11,560	-	-	11,488	-	11,488	-	-	11,639
State Personnel Board												
State Operations	2,889	-	-	2,889	-	-	-	-	-	-	-	-
General Obligation Bonds-BCH												
State Operations	243,908	-	-	243,908	-	195,968	-	-	195,968	-	624,921	-
Department of Alcoholic Beverage Control												
State Operations	-	44,849	-	44,849	324	-	51,055	-	51,055	313	-	52,784
Local Assistance	-	1,996	-	1,996	-	-	3,000	-	3,000	-	-	3,000
Totals, Department of Alcoholic Beverage Contr	-	\$46,845	-	\$46,845	\$324	-	\$54,055	-	\$54,055	\$313	-	\$55,784
Alcoholic Beverage Control Appeals Board												
State Operations	-	907	-	907	-	-	1,009	-	1,009	-	-	1,028

Appendix 22

GOVERNOR'S BUDGET SUMMARY 2013-14

GOVERNOR'S BUDGET SUMMARY 2013-14

Appendix 23

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	-	54	-	54	-	-	-	500	-	500	-	-	186,105	-	186,105
Totals, Energy Resource Conservation/Dvmt Com	-	\$299,704	-	\$299,704	\$21,122	-	\$447,219	-	\$447,219	\$51,956	-	\$467,029	-	\$467,029	\$16,688
Renewable Resources Investment Program															
State Operations	-	1,801	-	1,801	-	-	-	1,200	-	1,200	-	-	1,200	-	-
Department of Conservation															
State Operations	4,411	40,661	3,176	48,248	2,585	3,625	50,297	4,139	58,061	2,870	2,883	58,699	1,853	63,435	2,081
Local Assistance	-	-	34,284	34,284	-	-	-	44,693	44,693	-	-	-	-	-	-
Totals, Department of Conservation	\$4,411	\$40,661	\$37,460	\$82,532	\$2,585	\$3,625	\$50,297	\$48,832	\$102,754	\$2,870	\$2,883	\$58,699	\$1,853	\$63,435	\$2,081
Department of Forestry & Fire Protection															
State Operations	649,555	62,400	894	712,849	17,519	765,480	74,941	426	840,847	19,000	678,738	95,059	-	773,797	19,763
Local Assistance	-	-	2,398	2,398	-	-	-	566	566	-	-	-	-	-	-
Capital Outlay	1,400	-	-	1,400	-	6,815	-	-	6,815	-	-	-	-	-	-
Totals, Department of Forestry & Fire Proteci	\$650,955	\$62,400	\$3,292	\$716,647	\$17,519	\$772,295	\$74,941	\$992	\$848,228	\$19,000	\$678,738	\$95,059	-	\$773,797	\$19,763
State Lands Commission															
State Operations	9,139	13,454	-	22,593	-	9,502	16,111	-	25,613	-	10,405	16,368	-	26,773	-
Department of Fish & Wildlife															
State Operations	60,563	168,633	23,452	252,648	59,656	60,483	188,226	84,071	332,780	77,992	62,107	185,275	20,231	267,613	42,000
Local Assistance	573	1,156	4,780	6,509	-	576	1,341	15,100	17,017	-	576	1,341	-	1,917	20,000
Capital Outlay	-	2,369	-	2,369	-	-	-	-	-	-	-	-	-	-	-
Totals, Department of Fish & Wildlife	\$61,136	\$172,158	\$28,232	\$261,526	\$59,656	\$61,059	\$189,567	\$99,171	\$349,797	\$77,992	\$62,683	\$186,616	\$20,231	\$269,530	\$62,000
Wildlife Conservation Board															
State Operations	-	1,669	1,105	2,774	-	-	2,274	2,094	4,368	-	-	2,334	2,149	4,483	-
Local Assistance	-	24,436	74,511	98,947	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-316	-9,424	-9,740	19,878	-	-4,806	637,867	633,061	35,000	16,568	5,095	-	21,663	35,000
Totals, Wildlife Conservation Board	-	\$25,789	\$66,192	\$91,981	\$19,878	-	\$-2,532	\$639,961	\$637,429	\$35,000	\$16,568	\$7,429	\$2,149	\$26,146	\$35,000
Department of Boating & Waterways															
State Operations	-	-	-	-	6,388	-	-	-	-	9,968	-	-	-	-	-
Local Assistance	-	1,738	-	1,738	8,745	-	1,200	-	1,200	5,350	-	-	-	-	-
Totals, Department of Boating & Waterways	-	\$1,738	-	\$1,738	\$15,133	-	\$1,200	-	\$1,200	\$15,318	-	-	-	-	-
Coastal Commission															
State Operations	10,526	798	-	11,324	2,788	10,355	1,244	-	11,599	2,733	10,796	1,287	-	12,083	2,576
Local Assistance	-	541	-	541	-	-	798	-	798	-	-	816	-	816	-
Totals, Coastal Commission	\$10,526	\$1,339	-	\$11,865	\$2,788	\$10,355	\$2,042	-	\$12,397	\$2,733	\$10,796	\$2,103	-	\$12,899	\$2,576
State Coastal Conservancy															
State Operations	-	1,928	6,975	8,903	99	-	1,541	7,512	9,053	127	-	200	6,888	7,088	139
Local Assistance	-	814	49,216	50,030	2,746	-	10	-	10	-	-	-	-	-	-
Capital Outlay	-	-234	11,611	11,377	-	-	6,070	182,264	188,334	10,558	4,000	758	16,155	20,913	6,000
Totals, State Coastal Conservancy	-	\$2,508	\$67,802	\$70,310	\$2,845	-	\$7,621	\$189,776	\$197,397	\$10,685	\$4,000	\$958	\$23,043	\$28,001	\$6,139
Native American Heritage Commission															
State Operations	530	-	-	530	-	669	-	-	669	-	835	-	-	835	-
Department of Parks & Recreation															
State Operations	121,219	211,327	23,575	356,121	3,885	110,591	237,508	85,006	433,105	8,619	114,552	216,472	20,862	351,886	15,737
Local Assistance	-	29,536	238,044	267,580	5,135	-	39,531	195,310	234,841	53,279	-	30,275	-	30,275	7,800
Capital Outlay	-	3,469	11,558	15,027	100	-	27,012	31,628	58,640	-	-	11,974	58,448	70,422	6,218

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Totals, Department of Parks & Recreation	\$121,219	\$244,332	\$273,177	\$638,728	\$9,120	\$110,591	\$304,051	\$311,944	\$726,586	\$61,898	\$114,552	\$258,721	\$79,310	\$452,583	\$29,755
Santa Monica Mountains Conservancy															
State Operations	-	259	660	919	-	-	276	681	957	-	-	304	510	814	-
Local Assistance	-	-	1,555	1,555	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	9,726	9,726	-	-	-	43	43	-
Totals, Santa Monica Mountains Conservancy	-	\$259	\$2,215	\$2,474	-	-	\$276	\$10,407	\$10,683	-	-	\$304	\$553	\$857	-
SF Bay Conservation & Development Comm															
State Operations	3,812	-	-	3,812	-	3,864	-	-	3,864	-	4,006	-	-	4,006	-
San Gabriel/Lower LA River/Mtns Consvcy															
State Operations	-	256	505	761	-	-	319	687	1,006	-	-	339	397	736	-
Capital Outlay	-	-	805	805	-	-	-	17,345	17,345	-	-	-	-	-	-
Totals, San Gabriel/Lower LA River/Mtns Consvc	-	\$256	\$1,310	\$1,566	-	-	\$319	\$18,032	\$18,351	-	-	\$339	\$397	\$736	-
San Joaquin River Conservancy															
State Operations	-	333	196	529	-	-	383	237	630	-	-	407	237	644	-
Baldwin Hills Conservancy															
State Operations	-	345	85	430	-	-	343	210	553	-	-	351	216	567	-
Local Assistance	-	-	2,886	2,886	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	16,709	16,709	-	-	-	-	-	-
Totals, Baldwin Hills Conservancy	-	\$345	\$2,971	\$3,316	-	-	\$343	\$16,919	\$17,262	-	-	\$351	\$216	\$567	-
Delta Protection Commission															
State Operations	-	621	-	621	-	-	990	-	990	-	-	1,005	-	1,005	-
San Diego River Conservancy															
State Operations	-	310	-	310	-	-	322	-	322	-	-	331	-	331	-
Coachella Valley Mountains Conservancy															
State Operations	-	243	22	265	-	-	269	60	329	-	-	269	60	329	-
Local Assistance	-	-	4,915	4,915	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-52	-52	-	-	-	15,855	15,855	-	-	-	-	-	-
Totals, Coachella Valley Mountains Conservancy	-	\$243	\$4,885	\$5,128	-	-	\$269	\$15,915	\$16,184	-	-	\$269	\$60	\$329	-
Sierra Nevada Conservancy															
State Operations	-	4,051	367	4,418	-	-	4,093	516	4,609	-	-	4,212	532	4,744	-
Local Assistance	-	-	-270	-270	-	-	-	17,831	17,831	-	-	-	-	-	-
Totals, Sierra Nevada Conservancy	-	\$4,051	\$97	\$4,148	-	-	\$4,093	\$18,347	\$22,440	-	-	\$4,212	\$532	\$4,744	-
Department of Water Resources															
State Operations	89,615	13,618	46,479	149,712	4,618	97,558	24,610	492,341	614,509	11,183	97,426	25,085	222,986	345,497	11,293
Local Assistance	-	-	466,337	466,337	-	-	-	941,858	941,858	-	-	-	718,059	718,059	-
Capital Outlay	1	-	110,852	110,853	-	1,065	-	539,072	540,137	-	-	-	131,214	131,214	-
Totals, Department of Water Resources	\$89,616	\$13,618	\$623,668	\$726,902	\$4,618	\$98,623	\$24,610	\$1,973,271	\$2,096,504	\$11,183	\$97,426	\$25,085	\$1,072,259	\$1,194,770	\$11,293
Sacramento-San Joaquin Delta Conservancy															
State Operations	724	82	-	806	-	762	71	-	833	140	795	71	-	866	140
General Obligation Bonds-Natural Res															
State Operations	897,701	-	-	897,701	-	892,487	-	-	892,487	-	997,086	-	-	997,086	-
Delta Stewardship Council															
State Operations	5,498	582	3,316	9,396	434	5,486	710	2,117	8,313	2,919	5,626	717	1,314	7,657	2,919

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

Actual 2011-12				Estimated 2012-13				Proposed 2013-14			
General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds
TOTALS, NATURAL RESOURCES	\$1,908,851	\$938,591	\$1,223,037	\$4,070,479	\$160,821	\$2,021,856	\$3,451,109	\$1,185,826	\$2,062,451	\$1,181,289	\$1,209,309
State Operations	1,906,877	869,473	143,922	2,920,272	123,884	2,013,400	3,816,880	686,615	196,777	939,512	285,390
Local Assistance	573	63,141	953,036	1,016,750	16,626	576	48,218	1,294,093	58,629	223,375	718,059
Capital Outlay	1,401	5,977	126,079	133,457	20,311	7,880	30,743	1,460,401	20,568	18,402	205,860
ENVIRONMENTAL PROTECTION											
Secretary for Environmental Protection											
State Operations	1,707	10,517	-	12,224	-	1,783	15,860	-	1,820	10,400	-
Air Resources Board											
State Operations	-	319,130	128,598	447,728	16,047	-	237,079	73,250	-	244,007	81,560
Local Assistance	-	10,111	-	10,111	-	-	79,111	-	-	79,111	-
Totals, Air Resources Board	-	\$329,241	\$128,598	\$457,839	\$16,047	-	\$316,190	\$73,250	-	\$323,118	\$81,560
Department of Pesticide Regulation											
State Operations	-	55,274	-	55,274	1,982	-	57,736	-	-	55,627	-
Local Assistance	-	21,084	-	21,084	-	-	22,432	-	-	23,030	-
Totals, Department of Pesticide Regulation	-	\$76,358	-	\$76,358	\$1,982	-	\$80,168	-	-	\$78,657	\$2,007
State Water Resources Control Board											
State Operations	11,884	440,579	1,986	454,449	28,751	14,885	454,789	7,736	14,726	413,507	7,778
Local Assistance	-	21,053	49,781	70,834	143,547	-	13,000	129,342	-	9,000	37,911
Totals, State Water Resources Control Board	\$11,884	\$461,632	\$51,767	\$525,283	\$172,298	\$14,885	\$467,789	\$137,078	\$14,726	\$422,507	\$45,689
Department of Toxic Substances Control											
State Operations	17,827	112,920	-	130,747	26,421	22,247	131,777	-	21,100	117,936	-
Local Assistance	-	-175	-	-175	818	-	-	-	-	1,000	-
Capital Outlay	1,634	-	-	1,634	-	-	-	-	-	-	-
Totals, Department of Toxic Substances Control	\$19,461	\$112,745	-	\$132,206	\$27,239	\$22,247	\$131,777	-	\$21,100	\$118,936	-
Resources Recycling and Recovery											
State Operations	-	1,418,585	-	1,418,585	-	-	1,429,448	-	-	222,816	-
Local Assistance	-	26,650	-	26,650	-	-	30,792	-	-	1,261,011	-
Totals, Resources Recycling and Recovery	-	\$1,445,235	-	\$1,445,235	-	-	\$1,460,240	-	-	\$1,483,827	-
Environmental Health Hazard Assessment											
State Operations	2,093	12,243	-	14,336	410	4,377	11,501	-	4,556	12,219	-
General Obligation Bonds-Environmental											
State Operations	4,895	-	-	4,895	-	3,959	-	-	4,221	-	-
TOTALS, ENVIRONMENTAL PROTECTION	\$40,040	\$2,447,971	\$180,365	\$2,668,376	\$217,976	\$47,251	\$2,483,525	\$210,328	\$46,423	\$2,449,664	\$127,249
State Operations	38,406	2,369,248	130,584	2,538,238	73,611	47,251	2,338,190	80,986	46,423	1,076,512	89,338
Local Assistance	-	78,723	49,781	128,504	144,365	-	145,335	129,342	-	1,373,152	37,911
Capital Outlay	1,634	-	-	1,634	-	-	-	-	-	-	-
HEALTH AND HUMAN SERVICES											
Health & Human Services Agency, Secy											
State Operations	2,176	10,486	-	12,662	797	2,981	13,002	-	3,112	12,432	-
State Council-Developmental Disabilities											
State Operations	-	-	-	-	-	-	-	-	-	-	-
Emergency Medical Services Authority											
State Operations	1,145	3,070	-	4,215	1,349	1,137	3,176	-	1,199	3,619	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	5,500	-	-	5,500	52	5,558	300	-	5,858	704	5,558	300	-	5,858	704
Totals, Emergency Medical Services Authority	\$6,645	\$3,070	-	\$9,715	\$1,401	\$6,695	\$3,476	-	\$10,171	\$2,554	\$6,757	\$3,919	-	\$10,676	\$2,605
Statewide Health Planning & Development															
State Operations	-	75,594	-	75,594	1,006	74	90,786	-	90,860	647	74	92,868	-	92,942	290
Local Assistance	-	7,017	-	7,017	3,418	-	34,923	-	34,923	1,000	-	19,306	-	19,306	1,000
Totals, Statewide Health Planning & Development	-	\$82,611	-	\$82,611	\$4,424	\$74	\$125,709	-	\$125,783	\$1,647	\$74	\$112,174	-	\$112,248	\$1,290
Department of Managed Health Care															
State Operations	-	-	-	-	-	-	49,716	-	49,716	5,391	-	48,677	-	48,677	691
Department of Aging															
State Operations	3,300	226	-	3,526	5,288	3,525	226	-	3,751	8,001	3,646	230	-	3,876	7,730
Local Assistance	28,538	4,146	-	32,684	147,226	28,538	4,146	-	32,684	146,817	28,538	4,146	-	32,684	141,006
Totals, Department of Aging	\$31,838	\$4,372	-	\$36,210	\$152,514	\$32,063	\$4,372	-	\$36,435	\$154,818	\$32,184	\$4,376	-	\$36,560	\$148,736
Commission on Aging															
State Operations	-	-	-	-	343	-	-	-	-	377	-	-	-	-	382
Department of Alcohol & Drug Programs															
State Operations	3,415	9,683	-	13,098	18,890	166	9,488	-	9,654	21,205	-	-	-	-	-
Local Assistance	33,900	4,000	-	37,900	233,561	33,900	4,000	-	37,900	240,434	-	-	-	-	-
Totals, Department of Alcohol & Drug Programs	\$37,315	\$13,683	-	\$50,998	\$252,451	\$34,066	\$13,488	-	\$47,554	\$261,639	-	-	-	-	-
Children & Families Commission															
State Operations	-	6,019	-	6,019	-	-	4,569	-	4,569	-	-	4,415	-	4,415	-
Local Assistance	-	477,828	-	477,828	-	-	444,901	-	444,901	-	-	429,613	-	429,613	-
Totals, Children & Families Commission	-	\$483,847	-	\$483,847	-	-	\$449,470	-	\$449,470	-	-	\$434,028	-	\$434,028	-
Department of Health Care Services															
State Operations	131,174	1,878	-	133,052	217,895	155,129	16,215	-	171,344	281,517	159,382	21,802	-	181,184	308,083
Local Assistance															
Medical Care Services (Medi-Cal)	15,096,565	1,376,321	-	16,472,886	26,228,478	15,018,924	5,881,618	-	20,900,542	37,889,994	15,601,117	5,250,623	-	20,851,740	36,501,323
Children's Medical Services	59,325	8,000	-	67,325	113,876	136,048	9,022	-	145,070	211,265	130,489	9,024	-	139,513	104,512
Primary and Rural Health	-	-	-	-	388	-	-	-	-	426	-	-	-	-	426
Other Care Services	-	-	-	-	-	18,064	1,369,993	-	1,388,057	66,148	51,278	1,369,993	-	1,421,271	306,313
Totals, Local Assistance	15,155,890	1,384,321	-	16,540,211	26,342,742	15,173,036	7,260,633	-	22,433,669	38,167,833	15,782,884	6,629,640	-	22,412,524	36,912,574
Totals, Department of Health Care Services	\$15,287,064	\$1,386,199	-	\$16,673,263	\$26,560,637	\$15,328,165	\$7,276,848	-	\$22,605,013	\$38,449,350	\$15,942,266	\$6,651,442	-	\$22,593,708	\$37,220,657
Department of Public Health															
State Operations	81,599	221,837	4,643	308,079	234,836	81,197	274,986	6,119	362,302	264,640	82,542	288,450	6,330	377,322	275,971
Local Assistance	43,706	468,980	71,871	584,557	1,660,216	49,405	441,637	191,599	682,641	1,757,195	31,957	403,546	70,000	505,503	1,750,394
Totals, Department of Public Health	\$125,305	\$690,817	\$76,514	\$892,636	\$1,895,052	\$130,602	\$716,623	\$197,718	\$1,044,943	\$2,021,835	\$114,499	\$691,996	\$76,330	\$882,825	\$2,026,365
California Medical Assistance Commission															
State Operations	1,049	-	-	1,049	-	-	-	-	-	-	-	-	-	-	-
Managed Risk Insurance Board															
State Operations	2,006	1,412	-	3,418	7,864	2,340	1,720	-	4,060	10,908	2,425	1,654	-	4,079	11,479
Local Assistance	270,732	197,254	-	467,986	1,018,495	163,167	238,957	-	402,124	983,360	19,226	103,867	-	123,093	463,597
Totals, Managed Risk Medical Insurance Board	\$272,738	\$198,666	-	\$471,404	\$1,026,359	\$166,507	\$240,677	-	\$406,184	\$994,268	\$21,651	\$105,521	-	\$127,172	\$475,076
Department of Developmental Services															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14			
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund
State Operations	316,363	670	-	317,033	2,328	308,037	675	-	308,712	3,077	304,271	674
Local Assistance	2,246,395	6,666	-	2,253,061	51,866	2,296,105	10,157	-	2,306,262	52,006	2,455,125	10,157
Capital Outlay	5,972	-	-	5,972	-	16,029	-	-	16,029	-	-	-
Totals, Department of Developmental Services	\$2,568,730	\$7,336	-	\$2,576,066	\$54,194	\$2,620,171	\$10,832	-	\$2,631,003	\$55,083	\$2,759,396	\$10,831
Department of State Hospitals												
State Operations	1,310,124	12,601	-	1,322,725	3,005	1,320,858	-	-	1,320,858	-	1,457,306	-
Local Assistance	18,328	1,812,375	-	1,830,703	59,314	-	-	-	-	-	-	-
Capital Outlay	4,302	-	-	4,302	-	29,675	-	-	29,675	-	2,056	-
Totals, Department of State Hospitals	\$1,332,754	\$1,824,976	-	\$3,157,730	\$62,319	\$1,350,533	-	-	\$1,350,533	-	\$1,459,362	-
Mental Hlth Svcs Ovrst and Acntblty Comm												
State Operations	-	5,340	-	5,340	-	-	6,926	-	6,926	-	-	6,916
Dept of Community Services & Development												
State Operations	-	-	-	-	13,066	-	-	-	-	25,283	-	-
Local Assistance	-	-	-	-	238,606	-	-	-	-	236,689	-	-
Totals, Dept of Community Services & Development	-	-	-	-	\$251,662	-	-	-	-	\$261,952	-	-
California Health Benefit Exchange												
State Operations	-	-	-	-	30,148	-	-	-	-	348,691	-	-
Department of Rehabilitation												
State Operations	54,527	1,062	-	55,589	293,610	55,266	1,132	-	56,398	335,432	56,566	1,002
Local Assistance	-	-	-	-	15,607	-	-	-	-	15,736	-	-
Totals, Department of Rehabilitation	\$54,527	\$1,062	-	\$55,589	\$309,217	\$55,266	\$1,132	-	\$56,398	\$351,168	\$56,566	\$1,002
State Independent Living Council												
State Operations	-	-	-	-	295	-	-	-	-	149	-	-
Department of Child Support Services												
State Operations	41,233	-	-	41,233	94,170	45,506	-	-	45,506	105,052	46,374	-
Local Assistance	265,357	-	-	265,357	313,247	261,554	-	-	261,554	363,466	266,536	-
Totals, Department of Child Support Services	\$306,590	-	-	\$306,590	\$407,417	\$307,060	-	-	\$307,060	\$468,518	\$312,910	-
Department of Social Services												
State Operations	91,835	23,173	-	115,008	337,998	97,057	29,645	-	126,702	367,300	106,255	29,440
Local Assistance												
CalWorks	1,156,851	-	-	1,156,851	3,093,684	1,590,329	-	-	1,590,329	3,221,272	1,930,793	-
Other Assistance Payments	75,970	626	-	76,596	645,624	82,809	596	-	83,405	743,697	100,762	618
SSI/SSP	2,721,555	-	-	2,721,555	-	2,764,805	-	-	2,764,805	-	2,817,383	-
County Admin and Automation Projects	569,407	-	-	569,407	862,800	699,558	-	-	699,558	1,023,574	769,378	-
IHSS	1,725,930	-	-	1,725,930	-	1,723,220	-	-	1,723,220	-	1,808,171	-
Children & Adult Services and Licensing	61,345	917	-	62,262	1,104,302	54,364	896	-	55,260	1,140,855	57,534	963
Other Programs	3,096	-	-	3,096	567,818	9,864	-	-	9,864	563,276	9,172	-
Totals, Local Assistance	6,314,154	1,543	-	6,315,697	6,274,228	6,924,949	1,492	-	6,926,441	6,692,674	7,483,193	1,581
Totals, Department of Social Services	\$6,405,989	\$24,716	-	\$6,430,705	\$6,612,226	\$7,022,006	\$31,137	-	\$7,053,143	\$7,059,974	\$7,599,448	\$31,021
State-Local Realignment												
Local Assistance	-	4,191,613	-	4,191,613	-	-	4,313,764	-	4,313,764	-	4,535,013	-
State-Local Realignment, 2011												
Local Assistance	-	2,889,411	-	2,889,411	-	-	3,916,993	-	3,916,993	-	4,150,075	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
General Obligation Bonds-H&HS															
State Operations	63,768	-	-	63,768	-	66,133	-	-	66,133	-	61,583	-	-	61,583	-
TOTALS, HEALTH AND HUMAN SERVICES	\$26,496,488	\$11,818,205	\$76,514	\$38,391,207	\$37,628,622	\$27,121,322	\$17,174,165	\$197,718	\$44,493,205	\$50,447,173	\$28,369,808	\$16,799,423	\$76,330	\$45,245,561	\$48,566,398
State Operations	2,103,714	373,051	4,643	2,481,408	1,270,044	2,139,406	502,262	6,119	2,647,787	1,789,259	2,284,735	512,179	6,330	2,803,244	1,826,228
Local Assistance	24,382,500	11,445,154	71,871	35,899,525	36,358,578	24,936,212	16,671,903	191,599	41,799,714	48,657,914	26,083,017	16,287,244	70,000	42,440,261	46,740,170
Capital Outlay	10,274	-	-	10,274	-	45,704	-	-	45,704	-	2,056	-	-	2,056	-
CORRECTIONS AND REHABILITATION															
Corrections and Rehabilitation															
State Operations	8,993,875	2,375	-	8,996,250	2,870	8,491,687	-	-	8,491,687	4,602	8,645,220	-	-	8,645,220	4,649
Local Assistance															
Corrections Standards Authority	835	-	-	835	-	-	-	-	-	-	-	-	-	-	-
Juvenile Operations & Offender Programs	-	-	-	-	-	78	-	-	78	-	78	-	-	78	-
Juvenile Parole Operations	145	-	-	145	-	-	-	-	-	-	-	-	-	-	-
Transportation of Prisoners	65	-	-	65	-	278	-	-	278	-	278	-	-	278	-
Returning of Fugitives from Justice	1,532	-	-	1,532	-	2,593	-	-	2,593	-	2,593	-	-	2,593	-
County Charges	17,284	-	-	17,284	-	15,147	-	-	15,147	-	15,147	-	-	15,147	-
Parolee Detention	88,947	-	-	88,947	-	31,977	-	-	31,977	-	13,870	-	-	13,870	-
Juvenile Justice Grant	-	-	-	-	9,938	-	-	-	-	-	-	-	-	-	-
Corrections Training Fund	-	18,494	-	18,494	-	-	-	-	-	-	-	-	-	-	-
Community Corrections Performance	89,193	-615	-	88,578	-	138,905	-615	-	138,290	-	35,793	-1,000	-	34,793	-
AB109 Training Funds	33,849	-	-	33,849	-	-	-	-	-	-	-	-	-	-	-
Totals, Local Assistance	231,850	17,879	-	249,729	9,938	188,978	-615	-	188,363	-	67,759	-1,000	-	66,759	-
Capital Outlay	12,428	-	406	12,834	-	26,905	-	750	27,655	-	65,444	-	3,434	68,878	-
Totals, Corrections and Rehabilitation	\$9,238,153	\$20,254	\$406	\$9,258,813	\$12,808	\$8,707,570	\$-615	\$750	\$8,707,705	\$4,602	\$8,778,423	\$-1,000	\$3,434	\$8,780,857	\$4,649
Board of State and Community Corrections															
State Operations	-	-	-	-	-	7,767	2,959	-	10,726	3,196	8,050	2,917	-	10,967	2,644
Local Assistance	-	-	-	-	-	33,735	28,680	-	62,415	56,994	36,235	28,680	-	64,915	50,298
Totals, Board of State and Community Correctio	-	-	-	-	-	\$41,502	\$31,639	-	\$73,141	\$60,190	\$44,285	\$31,597	-	\$75,882	\$52,942
Local Law Enforcement Services															
Local Assistance	-	489,900	-	489,900	-	-	489,900	-	489,900	-	-	489,900	-	489,900	-
Trial Court Security															
Local Assistance	-	529,448	-	529,448	-	-	506,743	-	506,743	-	-	518,712	-	518,712	-
Local Community Corrections															
Local Assistance	-	354,300	-	354,300	-	-	920,254	-	920,254	-	-	1,088,671	-	1,088,671	-
District Attorney & Public Defender Svcs															
Local Assistance	-	12,700	-	12,700	-	-	19,757	-	19,757	-	-	23,085	-	23,085	-
Juvenile Justice Programs															
Local Assistance	-	97,190	-	97,190	-	-	109,118	-	109,118	-	-	121,087	-	121,087	-
Corrections Reimbursements															
State Operations	-1,369,788	-	-	-1,369,788	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	-	1,369,788	-	1,369,788	-	-	-	-	-	-	-	-	-	-	-
Totals, Corrections Reimbursements	\$-1,369,788	\$1,369,788	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Immigration Funding-Incarceratn															
State Operations	-65,845	-	-	-65,845	65,845	-51,230	-	-	-51,230	51,230	-51,230	-	-	-51,230	51,230

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
General Obligation Bonds-DCR															
State Operations	76,161	-	-	76,161	-	54,711	-	-	54,711	-	33,766	-	-	33,766	-
TOTALS, CORRECTIONS AND REHABILITATION	\$7,878,681	\$2,873,580	\$406	\$10,752,667	\$78,653	\$8,752,553	\$2,076,796	\$750	\$10,830,099	\$116,022	\$8,805,244	\$2,272,052	\$3,434	\$11,080,730	\$108,821
State Operations	7,634,403	2,375	-	7,636,778	68,715	8,502,935	2,959	-	8,505,894	59,028	8,635,806	2,917	-	8,638,723	58,523
Local Assistance	231,850	2,871,205	-	3,103,055	9,938	222,713	2,073,837	-	2,296,550	56,994	103,994	2,269,135	-	2,373,129	50,298
Capital Outlay	12,428	-	406	12,834	-	26,905	-	750	27,655	-	65,444	-	3,434	68,878	-
EDUCATION															
K thru 12 Education															
Scholarshare Investment Board															
State Operations	427	-	-	427	-	389	-	-	389	-	371	-	-	371	-
Department of Education															
Department of Education															
State Operations	127,324	2,645	2,291	132,260	132,296	127,829	2,890	2,615	133,334	160,893	133,916	2,822	2,727	139,465	158,031
Local Assistance															
Adult Education	634,805	-	-	634,805	86,244	634,805	-	-	634,805	91,296	45,896	-	-	45,896	85,702
Apportionments - District and County	18,884,249	-	-	18,884,249	-	21,604,857	-	-	21,604,857	-	30,161,569	-	-	30,161,569	-
Child Development	1,404,614	-	-	1,404,614	542,358	1,231,606	-	-	1,231,606	559,282	1,244,001	-	-	1,244,001	546,490
Child Nutrition	161,383	-	-	161,383	2,077,784	157,641	-	-	157,641	2,348,681	157,690	-	-	157,690	2,425,681
Categorical Programs	7,040,773	83,814	-	7,124,587	2,684,070	7,562,776	105,701	-	7,668,477	2,824,353	2,017,669	96,162	-	2,113,831	2,618,557
Pupil Assessment	72,494	-	-	72,494	22,541	83,361	-	-	83,361	24,483	72,688	-	-	72,688	25,129
Special Education	2,787,653	-	-	2,787,653	1,225,104	3,220,353	-	-	3,220,353	1,235,469	3,297,723	-	-	3,297,723	1,232,456
State-Mandated Local Programs	80,355	-	-	80,355	-	166,650	-	-	166,650	-	266,650	-	-	266,650	-
Totals, Local Assistance	31,066,326	83,814	-	31,150,140	6,638,101	34,662,049	105,701	-	34,767,750	7,083,564	37,263,886	96,162	-	37,360,048	6,934,015
Totals, Department of Education	\$31,193,650	\$86,459	\$2,291	\$31,282,400	\$6,770,397	\$34,789,878	\$108,591	\$2,615	\$34,901,084	\$7,244,457	\$37,397,802	\$98,984	\$2,727	\$37,499,513	\$7,092,046
State Library															
State Operations	12,582	553	1,204	14,339	5,227	16,612	591	1,456	18,659	7,315	12,324	500	762	13,586	7,384
Local Assistance	-	552	-	552	9,695	4,700	552	-	5,252	12,518	4,700	552	1,395	6,647	12,518
Totals, State Library	\$12,582	\$1,105	\$1,204	\$14,891	\$14,922	\$21,312	\$1,143	\$1,456	\$23,911	\$19,833	\$17,024	\$1,052	\$2,157	\$20,233	\$19,902
Education Audit Appeals Panel															
State Operations	653	-	-	653	-	1,091	-	-	1,091	-	1,109	-	-	1,109	-
Summer School for the Arts															
State Operations	1,366	-	-	1,366	-	1,363	-	-	1,363	-	1,380	-	-	1,380	-
Teachers Retirement System Contributions															
Local Assistance	1,316,108	-	-	1,316,108	-	1,359,675	-	-	1,359,675	-	1,357,694	-	-	1,357,694	-
Retirement Costs for Community Colleges															
Local Assistance	-102,836	-	-	-102,836	-	-107,693	-	-	-107,693	-	-109,815	-	-	-109,815	-
School Facilities Aid Program															
Local Assistance	-	15,066	1,212,632	1,227,698	-	-	3,046	3,167,449	3,170,495	-	-	-	-	-	-
Commission on Teacher Credentialing															
State Operations	-	19,394	-	19,394	-	-	18,582	-	18,582	-	-	19,236	-	19,236	-
Local Assistance	26,190	-	-	26,190	-	26,191	-	-	26,191	-	-	-	-	-	-
Totals, Commission on Teacher Credentialing	\$26,190	\$19,394	-	\$45,584	-	\$26,191	\$18,582	-	\$44,773	-	-	\$19,236	-	\$19,236	-
General Obligation Bonds-K-12															
State Operations	2,206,523	-	-	2,206,523	-	2,230,864	-	-	2,230,864	-	2,401,980	-	-	2,401,980	-
Totals, K thru 12 Education	\$34,654,663	\$122,024	\$1,216,127	\$35,992,814	\$6,785,319	\$38,323,070	\$131,362	\$3,171,520	\$41,625,952	\$7,264,290	\$41,067,545	\$119,272	\$4,884	\$41,191,701	\$7,111,948

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Higher Education-Community Colleges															
Board of Governors of Community Colleges															
State Operations	8,639	109	1,798	10,546	262	9,486	103	1,842	11,431	246	9,829	126	1,908	11,863	60
Local Assistance															
Apporionments	2,882,617	14,002	-	2,896,619	-	3,130,508	14,002	-	3,144,510	-	3,483,466	14,002	-	3,497,468	-
Apprenticeship	7,174	-	-	7,174	-	7,174	-	-	7,174	-	7,174	-	-	7,174	-
Apprenticeship Training and Instruction	-	-	-	-	-	-	-	-	-	-	15,694	-	-	15,694	-
Adult Education	-	-	-	-	-	-	-	-	-	-	300,000	-	-	300,000	-
Online Initiative	-	-	-	-	-	-	-	-	-	-	16,910	-	-	16,910	-
Student Success for Basic Skills	20,037	-	-	20,037	-	20,037	-	-	20,037	-	20,037	-	-	20,037	-
Students															
Student Financial Aid Administration	56,741	-	-	56,741	-	71,025	-	-	71,025	-	68,135	-	-	68,135	-
Extended Opportunity Programs and Svcs	73,605	-	-	73,605	-	73,605	-	-	73,605	-	73,605	-	-	73,605	-
Students															
Disabled Students	69,223	-	-	69,223	-	69,223	-	-	69,223	-	69,223	-	-	69,223	-
Student Services for CalWORKS	26,695	-	-	26,695	-	26,695	-	-	26,695	-	26,695	-	-	26,695	-
Recipients															
Foster Care Education Program	5,254	-	-	5,254	-	5,254	-	-	5,254	-	5,254	-	-	5,254	-
Matriculation	49,183	-	-	49,183	-	49,183	-	-	49,183	-	49,183	-	-	49,183	-
Academic Senate for Community Colleges	318	-	-	318	-	318	-	-	318	-	318	-	-	318	-
Equal Employment Opportunity															
Part-Time Faculty Health Insurance	767	-	-	767	-	767	-	-	767	-	767	-	-	767	-
Part-Time Faculty Compensation	490	-	-	490	-	490	-	-	490	-	490	-	-	490	-
Part-Time Faculty Office Hours	24,907	-	-	24,907	-	24,907	-	-	24,907	-	24,907	-	-	24,907	-
Telecommunications & Technology	3,514	-	-	3,514	-	3,514	-	-	3,514	-	3,514	-	-	3,514	-
Infstrc	15,290	-	-	15,290	-	15,290	-	-	15,290	-	15,290	-	-	15,290	-
Fund for Student Success															
Economic Development	3,792	-	-	3,792	-	3,792	-	-	3,792	-	3,792	-	-	3,792	-
Transfer Education and Articulation	22,720	-	-	22,720	-	22,929	-	-	22,929	-	22,929	-	-	22,929	-
Campus Childcare Tax Bailout	698	-	-	698	-	698	-	-	698	-	698	-	-	698	-
Nursing Program Support	3,350	-	-	3,350	-	3,350	-	-	3,350	-	3,350	-	-	3,350	-
Solar Training Collaborative Program	13,378	-	-	13,378	-	13,378	-	-	13,378	-	13,378	-	-	13,378	-
Personal Care Training and Certification	-	-	-	-	-	-	-	-	-	713	-	-	-	-	200
State Trade and Export Promotion Program	-	-	-	-	673	-	-	-	-	855	-	-	-	-	-
Totals, Local Assistance	3,279,753	14,002	-	3,293,755	2,993	3,542,137	14,002	-	3,556,139	1,568	4,224,809	14,002	-	4,238,811	200
Capital Outlay	-	-	111,061	111,061	-	-	-	26,115	26,115	-	-	-	120,033	120,033	-
Totals, Board of Governors of Community College	\$3,288,392	\$14,111	\$112,859	\$3,415,362	\$3,255	\$3,551,623	\$14,105	\$27,957	\$3,593,685	\$1,814	\$4,234,638	\$14,128	\$121,941	\$4,370,707	\$260
General Obligation Bonds-HI Ed-CC															
State Operations	201,404	-	-	201,404	-	250,418	-	-	250,418	-	268,528	-	-	268,528	-
Retirement Costs-HI Ed-CC															
Local Assistance	102,836	-	-	102,836	-	107,693	-	-	107,693	-	109,815	-	-	109,815	-
Totals, Higher Education-Community Colleges	\$3,592,632	\$14,111	\$112,859	\$3,719,602	\$3,255	\$3,909,734	\$14,105	\$27,957	\$3,951,796	\$1,814	\$4,612,981	\$14,128	\$121,941	\$4,749,050	\$260
Higher Education-UC, CSU and Other															
Postsecondary Education Commission															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
State Operations	823	-	-	823	447	5	-	-	5	-	-	-	-	-	-
Local Assistance	-	-	-	-	6,682	-	-	-	-	-	-	-	-	-	-
Totals, Postsecondary Education Commission	\$823	-	-	\$823	\$7,129	\$5	-	-	\$5	-	-	-	-	-	-
University of California															
State Operations	2,272,373	55,736	-	2,328,109	3,738,586	2,377,339	29,554	-	2,406,893	3,576,275	2,845,801	30,787	-	2,876,588	3,576,275
Capital Outlay	-	-	55,520	55,520	-	-	-	-	48,635	48,635	-	-	-	-	-
Totals, University of California	\$2,272,373	\$55,736	\$55,520	\$2,383,629	\$3,738,586	\$2,377,339	\$29,554	\$48,635	\$2,455,528	\$3,576,275	\$2,845,801	\$30,787	-	\$2,876,588	\$3,576,275
Institute for Regenerative Medicine															
State Operations	-	-	11,953	11,953	-	-	-	-	14,883	14,883	-	-	-	15,124	15,124
Local Assistance	-	-	233,600	233,600	-	-	-	-	222,474	222,474	-	-	-	242,598	242,598
Totals, Institute for Regenerative Medicine	-	-	\$245,553	\$245,553	-	-	-	-	\$237,357	\$237,357	-	-	-	\$257,722	\$257,722
Hastings College of the Law															
State Operations	6,935	-	-	6,935	-	7,849	-	-	7,849	-	9,510	-	-	9,510	-
California State University															
State Operations	1,999,927	-	-	1,999,927	1,144,884	2,063,550	-	-	2,063,550	1,177,861	2,531,063	-	-	2,531,063	1,177,861
Capital Outlay	-	-	32,395	32,395	-	-	-	-	12,354	12,354	-	-	-	3,639	3,639
Totals, California State University	\$1,999,927	-	\$32,395	\$2,032,322	\$1,144,884	\$2,063,550	-	\$12,354	\$2,075,904	\$1,177,861	\$2,531,063	-	\$3,639	\$2,534,702	\$1,177,861
CSU Health Benefits, Retired Annuitants															
State Operations	-	-	-	-	-	240,255	-	-	240,255	-	278,153	-	-	278,153	-
Student Aid Commission															
State Operations	9,922	-	-	9,922	258	10,665	-	-	10,665	259	10,476	-	-	10,476	258
Local Assistance	1,460,762	-	-	1,460,762	14,316	724,959	-	-	724,959	14,776	709,094	-	-	709,094	14,776
Totals, Student Aid Commission	\$1,470,684	-	-	\$1,470,684	\$14,574	\$735,624	-	-	\$735,624	\$15,035	\$719,570	-	-	\$719,570	\$15,034
General Obligation Bonds-Hi Ed															
State Operations	522,910	-	-	522,910	-	442,045	-	-	442,045	-	111,496	-	-	111,496	-
Totals, Higher Education-UC, CSU and Other	\$6,273,652	\$55,736	\$333,468	\$6,662,856	\$4,905,173	\$5,866,667	\$29,554	\$298,346	\$6,194,567	\$4,769,171	\$6,495,593	\$30,787	\$261,361	\$6,787,741	\$4,769,170
TOTALS, EDUCATION	\$44,520,947	\$191,871	\$1,662,454	\$46,375,272	\$11,693,747	\$48,099,471	\$175,021	\$3,497,823	\$51,772,315	\$12,035,275	\$52,176,119	\$164,187	\$388,186	\$52,728,492	\$11,881,378
State Operations	7,371,808	78,437	17,246	7,467,491	5,021,960	7,779,760	51,720	20,796	7,852,276	4,922,849	8,615,936	53,471	20,521	8,689,928	4,919,869
Local Assistance	37,149,139	113,434	1,446,232	38,708,805	6,671,787	40,319,711	123,301	3,389,923	43,832,935	7,112,426	43,560,183	110,716	243,993	43,914,892	6,961,509
Capital Outlay	-	-	198,976	198,976	-	-	-	-	87,104	87,104	-	-	-	123,672	123,672
LABOR AND WORKFORCE DEVELOPMENT															
Labor & Workforce Development, Secy															
State Operations	-	364	-	364	-	-	329	-	329	-	-	232	-	232	-
Employment Development Department															
State Operations	344,218	61,802	-	406,020	810,973	329,876	78,780	-	408,656	865,242	313,314	68,695	-	382,009	781,402
Local Assistance	-	-	-	-	16,004,271	-	-	-	-	13,121,132	-	-	-	-	9,707,547
Totals, Employment Development Department	\$344,218	\$61,802	-	\$406,020	\$16,815,244	\$329,876	\$78,780	-	\$408,656	\$13,986,374	\$313,314	\$68,695	-	\$382,009	\$10,488,949
Workforce Investment Board															
State Operations	-	-	-	-	2,094	-	-	-	-	2,993	-	-	-	-	3,304
Agricultural Labor Relations Board															
State Operations	4,744	-	-	4,744	-	4,811	491	-	5,302	-	4,996	1,011	-	6,007	-
Public Employment Relations Board															
State Operations	6,095	-	-	6,095	-	8,126	-	-	8,126	-	8,426	-	-	8,426	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Department of Industrial Relations															
State Operations	4,322	285,363	-	289,685	34,490	2,384	305,996	-	308,380	35,394	2,468	464,761	-	467,229	36,778
TOTALS, LABOR AND WORKFORCE DEVELOPMENT	\$359,379	\$347,529	-	\$706,908	\$16,851,828	\$345,197	\$385,596	-	\$730,793	\$14,024,761	\$329,204	\$534,699	-	\$863,903	\$10,529,031
State Operations	359,379	347,529	-	706,908	847,557	345,197	385,596	-	730,793	903,629	329,204	534,699	-	863,903	821,484
Local Assistance	-	-	-	-	16,004,271	-	-	-	-	13,121,132	-	-	-	-	9,707,547
GOVERNMENT OPERATIONS															
Department of Human Resources															
State Operations	6,102	-	-	6,102	-	8,064	100	-	8,164	-	7,162	100	-	7,262	-
Department of Technology															
State Operations	3,307	1,535	-	4,842	-	4,303	2,366	-	6,669	-	4,240	2,453	-	6,693	-
Local Assistance	-	92,463	-	92,463	1,931	-	109,490	-	109,490	1,931	-	110,619	-	110,619	1,931
Totals, Department of Technology	\$3,307	\$93,998	-	\$97,305	\$1,931	\$4,303	\$111,856	-	\$116,159	\$1,931	\$4,240	\$113,072	-	\$117,312	\$1,931
State Personnel Board															
State Operations	-	-	-	-	-	1,059	-	-	1,059	-	1,104	-	-	1,104	-
Government Operations, Secy															
State Operations	-	-	-	-	-	-	-	-	-	-	1,336	-	-	1,336	-
Franchise Tax Board															
State Operations	556,129	17,049	-	573,178	-	642,916	19,569	-	662,485	-	719,088	20,331	-	739,419	-
Department of General Services															
State Operations	5,313	89,580	13,209	108,102	-	2,690	109,716	14,025	126,431	-	7,079	96,292	13,326	116,697	-
Capital Outlay	-	-	168	168	-	-	-	5,452	5,452	-	-	-	-	-	-
Totals, Department of General Services	\$5,313	\$89,580	\$13,377	\$108,270	-	\$2,690	\$109,716	\$19,477	\$131,883	-	\$7,079	\$96,292	\$13,326	\$116,697	-
Victim Compensation/Government Claims Bd															
State Operations	-	26,937	-	26,937	685	-	32,373	-	32,373	1,851	-	32,422	-	32,422	1,853
Local Assistance	-	61,223	-	61,223	30,000	-	72,671	-	72,671	30,000	-	72,671	-	72,671	30,000
Totals, Victim Compensation/Government Claims	-	\$88,160	-	\$88,160	\$30,685	-	\$105,044	-	\$105,044	\$31,851	-	\$105,093	-	\$105,093	\$31,853
Office of Administrative Law															
State Operations	1,376	-	-	1,376	-	1,627	-	-	1,627	-	1,697	-	-	1,697	-
TOTALS, GOVERNMENT OPERATIONS	\$572,227	\$288,787	\$13,377	\$874,391	\$32,616	\$660,659	\$346,285	\$19,477	\$1,026,421	\$33,782	\$741,706	\$334,888	\$13,326	\$1,089,920	\$33,784
State Operations	572,227	135,101	13,209	720,537	685	660,659	164,124	14,025	838,808	1,851	741,706	151,598	13,326	906,630	1,853
Local Assistance	-	153,686	-	153,686	31,931	-	182,161	-	182,161	31,931	-	183,290	-	183,290	31,931
Capital Outlay	-	-	168	168	-	-	-	5,452	5,452	-	-	-	-	-	-
GENERAL GOVERNMENT															
General Administration															
Peace Officer Standards & Training Comm															
State Operations	-	36,481	-	36,481	-	-	38,051	-	38,051	-	-	38,621	-	38,621	-
Local Assistance	-	13,448	-	13,448	-	-	20,826	-	20,826	-	-	20,826	-	20,826	-
Totals, Peace Officer Standards & Training Com	-	\$49,929	-	\$49,929	-	-	\$58,877	-	\$58,877	-	-	\$59,447	-	\$59,447	-
State Public Defender															
State Operations	10,247	-	-	10,247	-	10,126	-	-	10,126	-	10,538	-	-	10,538	-
Arts Council															
State Operations	1,027	719	-	1,746	1,058	1,026	748	-	1,774	992	1,070	780	-	1,850	999
Local Assistance	-	2,075	-	2,075	100	-	2,075	-	2,075	100	-	2,075	-	2,075	100

Appendix 34

GOVERNOR'S BUDGET SUMMARY 2013-14

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14			
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Selected Bond Funds
General Obligation Bonds-Gen Govt												
State Operations	27,542	-	-	27,542	-	43,033	-	-	43,033	-	25,188	-
Totals, General Administration	\$400,344	\$1,282,170	\$417	\$1,682,931	\$312,147	\$479,527	\$1,527,273	\$1,997	\$2,008,797	\$296,444	\$528,131	\$3,051
Tax Relief												
Tax Relief												
Local Assistance												
Homeowners' Property Tax Relief	434,384	-	-	434,384	-	429,517	-	-	429,517	-	425,255	-
Subventions for Open Space	1	-	-	1	-	1	-	-	1	-	-	1
Property Tax Postponement Loan	-6,900	-	-	-6,900	-	-6,800	-	-	-6,800	-	-6,900	-
Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Local Assistance	427,485	-	-	427,485	-	422,718	-	-	422,718	-	418,356	-
Totals, Tax Relief	\$427,485	-	-	\$427,485	-	\$422,718	-	-	\$422,718	-	\$418,356	-
Local Government Subventions												
Local Government Financing												
Local Assistance	90,800	-	-	90,800	-	2,096,824	-	-	2,096,824	-	1,800	-
Payment to Counties for Homicide Trials												
Local Assistance	125	-	-	125	-	1	-	-	1	-	-	1
Shared Revenues												
Local Assistance	-	-	64,616	64,616	-	-	-	-	-	-	-	-
Apportionment of Off-Hwy License Fees												
Local Assistance	-	2,179	-	2,179	-	-	2,405	-	2,405	-	-	2,405
Apportionment of Fed Rcpts Fid Cntl Lnds												
Local Assistance	-	-	-	-	285	-	-	-	-	380	-	-
Apportionment of Fed Rcpts Forest Rsrvs												
Local Assistance	-	-	-	-	39,326	-	-	-	-	66,141	-	-
Apportionment of Fed Rcpts Grazing Land												
Local Assistance	-	-	-	-	73	-	-	-	-	107	-	-
Apportionment of Fed Potash Lease Rnls												
Local Assistance	-	-	-	-	3,334	-	-	-	-	2,173	-	-
Apportionment of Tideland Revenues												
Local Assistance	793	-	-	793	-	740	-	-	740	-	740	-
Apportionment of MV Fuel Tx County Rds												
Local Assistance	-	485,236	-	485,236	-	-	296,704	-	296,704	-	-	299,210
Apportionment of MV Fuel Tx City Streets												
Local Assistance	-	190,189	-	190,189	-	-	191,728	-	191,728	-	-	193,348
Apportionment of MV Fuel Tx Co Rd/Cty St												
Local Assistance	-	885,485	-	885,485	-	-	744,210	-	744,210	-	-	1,075,065
Apportionment of MV Fuel Co&City/St&Hwy												
Local Assistance	-	281,660	-	281,660	-	-	301,806	-	301,806	-	-	304,355
Apportionment of Geothermal Rsrvs Dvlp												
Local Assistance	-	1,570	-	1,570	-	-	1,570	-	1,570	-	-	1,570
Totals, Shared Revenues	\$793	\$1,826,319	\$64,616	\$1,891,728	\$43,018	\$740	\$1,538,423	-	\$1,539,163	\$68,801	\$740	\$1,876,693
Totals, Local Government Subventions	\$91,718	\$1,826,319	\$64,616	\$1,982,653	\$43,018	\$2,097,565	\$1,538,423	-	\$3,635,988	\$68,801	\$2,541	\$1,878,494
Debt Service												
Enhanced Tobacco Asset-Backed Bonds												
State Operations	-	-	-	-	-	-	-	-	-	-	1	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Economic Recovery Financing Committee															
State Operations	-	13,392	-	13,392	-	-	-	13,791	-	13,791	-	-	14,961	-	14,961
Unclassified	-	1,011,596	-	1,011,596	-	-	-	1,384,988	-	1,384,988	-	-	1,527,874	-	1,527,874
Totals, Economic Recovery Financing Committee	-	\$1,024,988	-	\$1,024,988	-	-	-	\$1,398,779	-	\$1,398,779	-	-	\$1,542,835	-	\$1,542,835
Cash Management and Budgetary Loans															
State Operations	111,642	-	-	111,642	-	134,300	-	-	-	134,300	-	181,500	-	-	181,500
Interest Payments to the Federal Govt															
State Operations	687	-	-	745	-	2,000	-	1,001	-	3,001	-	10,000	-	11,001	-
Totals, Debt Service	\$112,329	\$1,025,046	-	\$1,137,375	-	\$136,300	\$1,399,780	-	\$1,536,080	-	\$191,501	\$1,543,836	-	\$1,735,337	-
Statewide Expenditures															
Health & Dental Benefits for Annuitants															
State Operations	1,466,529	-	-	1,466,529	-	1,314,883	-	-	-	1,314,883	-	1,513,038	-	-	1,513,038
Prefunding Hlth & Dental Bens Annuitants															
State Operations	-	-	-	-	-	-	-	-	-	-	-	-	9,031	-	9,031
Statewide Accounts Receivable Management															
State Operations	-	-	-	-	-	499	-	1,562	-	2,061	-	-	-	-	-
Victim Compensation/Government Claims Bd															
State Operations	13,707	1,514	-	15,221	1,320	2,364	59	-	2,423	-	-	-	-	-	-
Contingencies/Emergencies Augmentation															
State Operations	-	-	-	-	-	15,570	15,000	-	30,570	-	20,000	15,000	-	35,000	-
Reserve for Liquidation of Encumbrances															
Unclassified	100,456	-	-	100,456	-	-	-	-	-	-	-	-	-	-	-
Statewide Proposition 98 Reconciliation															
Local Assistance	-308,381	-	-	-308,381	-	-49,516	-	-	-49,516	-	-26,873	-	-	-26,873	-
Section 3.60 Rate Adjustments															
State Operations	-	-	-	-	-	-	-	-	-	-	-	30,972	-	79,663	-
PERS General Fund Deferral Payment															
State Operations	418,229	-	-	418,229	-	424,560	-	-	424,560	-	440,153	-	-	440,153	-
Statewide General Admin Exp (Pro Rata)															
State Operations	-486,198	898	-	-485,300	-	-583,854	519	-	-583,335	-	-636,604	1,158	-	-635,446	-
Various Departments															
State Operations	-	-	-	-	-	-	-	-	-	-	-71,940	21,000	-	-50,940	-
Local Assistance	-	77,240	-	77,240	-	-	68,190	-	68,190	-	-	68,190	-	68,190	-
Unclassified	-	-	-	-	-	-200,000	200,000	-	-	-	-300,000	399,423	-	99,423	-
Totals, Various Departments	-	\$77,240	-	\$77,240	-	\$-200,000	\$268,190	-	\$68,190	-	\$-371,940	\$488,613	-	\$116,673	-
Totals, Statewide Expenditures	\$1,204,342	\$79,652	-	\$1,283,994	\$1,320	\$924,506	\$285,330	-	\$1,209,836	-	\$986,465	\$544,774	-	\$1,531,239	\$87
Augmentation for Employee Compensation															
Augmentation for Employee Compensation															
State Operations	-	-	-	-	-	-	-	-	-	-	246,993	170,899	-	417,892	-
June to July Payroll Deferral															
State Operations	19,690	-42,773	-	-23,083	-	34,634	20,701	-	55,335	-	-52,704	-31,501	-	-84,205	-
Local Assistance	-	-800	-	-800	-	-	37	-	37	-	-	-56	-	-56	-
Totals, June to July Payroll Deferral	\$19,690	\$-43,573	-	\$-23,883	-	\$34,634	\$20,738	-	\$55,372	-	\$-52,704	\$-31,557	-	\$-84,261	-
Totals, Augmentation for Employee Compensation	\$19,690	\$-43,573	-	\$-23,883	-	\$34,634	\$20,738	-	\$55,372	-	\$194,289	\$139,342	-	\$333,631	-
Statewide Savings															

SCHEDULE 9 – Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2011-12				Estimated 2012-13				Proposed 2013-14						
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
General Fund Credits from Federal Funds															
State Operations	-109,806	-	-	-109,806	-	-152,624	-	-	-152,624	-	-150,078	-	-	-150,078	-
PERS Deferral															
State Operations	-424,560	-	-	-424,560	-	-440,153	-	-	-440,153	-	-450,697	-	-	-450,697	-
Totals, Statewide Savings															
TOTALS, GENERAL GOVERNMENT	\$-534,366	-	-	\$-534,366	-	\$-592,777	-	-	\$-592,777	-	\$-600,775	-	-	\$-600,775	-
State Operations	\$1,721,542	\$4,169,614	\$65,033	\$5,956,189	\$356,485	\$3,502,473	\$4,771,544	\$1,997	\$8,276,014	\$365,245	\$1,720,508	\$5,685,306	\$3,051	\$7,408,865	\$341,716
Local Assistance	1,359,339	1,202,359	417	2,562,115	212,634	1,173,730	1,517,653	1,564	2,692,947	252,487	1,568,935	1,753,767	1,356	3,324,058	260,114
Capital Assistance	260,950	1,955,448	64,616	2,281,014	43,118	2,528,618	1,667,829	-	4,196,447	68,901	451,448	2,004,242	-	2,455,690	68,901
Capital Outlay	797	211	-	1,008	100,733	125	1,074	433	1,632	43,857	125	-	1,695	1,820	12,701
Unclassified	100,456	1,011,596	-	1,112,052	-	-200,000	1,584,988	-	1,384,988	-	-300,000	1,927,297	-	1,627,297	-
GRAND TOTAL	\$86,403,523	\$33,853,308	\$6,104,227	\$126,361,058	\$73,062,779	\$92,993,839	\$39,648,369	\$12,294,798	\$144,937,006	\$85,829,817	\$97,650,244	\$40,927,826	\$7,248,480	\$145,826,550	\$78,840,978
State Operations	\$22,962,060	\$13,038,479	\$435,627	\$36,436,166	\$8,562,066	\$24,322,086	\$13,602,690	\$1,037,975	\$38,962,751	\$9,312,650	\$26,368,958	\$13,093,403	\$635,578	\$40,097,939	\$9,198,916
Local Assistance	\$63,231,057	\$19,224,454	\$4,078,787	\$86,534,298	\$62,156,743	\$68,707,723	\$23,583,027	\$7,019,400	\$99,310,150	\$71,974,469	\$71,409,677	\$25,474,212	\$2,664,768	\$99,548,657	\$66,847,999
Capital Outlay	\$26,534	\$662,195	\$1,589,813	\$2,278,542	\$2,343,970	\$80,614	\$961,080	\$4,237,423	\$5,279,117	\$4,537,698	\$88,193	\$516,330	\$3,948,134	\$4,552,657	\$2,789,063
Unclassified	\$183,872	\$928,180	-	\$1,112,052	-	\$-116,584	\$1,501,572	-	\$1,384,988	\$5,000	\$-216,584	\$1,843,881	-	\$1,627,297	\$5,000
BUDGET ACT TOTALS	\$60,017,368	\$13,681,789	\$1,305,611	\$75,004,768	\$63,509,988	\$60,204,915	\$13,805,581	\$2,315,556	\$76,326,052	\$75,115,330	\$58,033,439	\$14,333,315	\$1,862,931	\$74,229,685	\$67,875,945
State Operations	19,293,414	10,060,034	273,442	29,626,890	3,394,924	21,071,165	10,546,303	495,268	32,112,736	3,970,849	22,490,588	11,038,968	518,413	34,047,969	3,869,500
Local Assistance	40,714,682	3,178,803	418,378	44,311,863	58,637,817	39,285,877	2,564,632	1,002,398	42,852,907	67,608,276	35,814,783	2,530,538	940,053	39,285,374	62,787,685
Capital Outlay	9,272	442,952	613,791	1,066,015	1,477,247	47,873	494,646	817,890	1,360,409	3,531,205	28,068	364,386	404,465	796,919	1,213,760
Unclassified	-	-	-	-	-	-200,000	200,000	-	-	5,000	-300,000	399,423	-	99,423	5,000
STATUTORY APPROPRIATIONS	\$19,698,974	\$14,852,311	\$413,023	\$34,964,308	\$2,391,388	\$17,877,642	\$15,809,270	\$548,745	\$34,235,657	\$3,448,073	\$17,781,571	\$11,608,025	\$746,526	\$30,136,122	\$2,710,466
State Operations	-658,125	2,039,116	12,819	1,393,810	49,021	-672,563	2,219,282	17,856	1,564,575	370,506	-698,171	945,488	18,000	265,317	387,955
Local Assistance	20,357,099	11,724,485	397,921	32,479,505	2,222,800	18,550,205	12,215,490	526,889	31,292,584	3,000,116	18,479,742	9,173,136	424,498	28,077,376	2,287,511
Capital Outlay	-	118,400	2,283	120,683	119,567	-	-10,428	4,000	-6,428	77,451	-	8,218	304,028	312,246	35,000
Unclassified	-	970,310	-	970,310	-	-	1,384,926	-	1,384,926	-	-	1,481,183	-	1,481,183	-
CONSTITUTIONAL APPROPRIATIONS	\$4,472,969	\$4,076,643	-	\$8,549,612	-	\$11,614,020	\$10,760,469	-	\$22,374,489	-	\$10,828,813	\$10,642,048	-	\$21,470,861	-
State Operations	4,389,553	755,153	-	5,144,706	-	4,003,604	658,734	-	4,662,338	-	4,670,397	974,353	-	5,644,750	-
Local Assistance	-	3,363,620	-	3,363,620	-	7,527,000	10,185,089	-	17,712,089	-	6,075,000	9,704,420	-	15,779,420	-
Unclassified	83,416	-42,130	-	41,286	-	83,416	-83,354	-	62	-	83,416	-36,725	-	46,691	-
OTHER APPROPRIATIONS	\$2,214,212	\$1,242,565	\$4,385,593	\$7,842,370	\$7,161,403	\$3,297,262	\$-726,951	\$9,430,497	\$12,000,808	\$7,266,414	\$11,006,421	\$4,344,438	\$4,539,023	\$19,989,882	\$8,254,567
State Operations	-62,782	184,176	149,366	270,760	5,118,121	-80,120	178,371	524,851	623,102	4,971,295	-83,856	134,594	99,165	139,903	4,941,461
Local Assistance	2,159,276	957,546	3,262,488	6,379,310	1,296,126	3,344,641	-1,382,184	5,490,113	7,452,570	1,366,077	11,040,152	4,066,118	1,300,217	16,406,487	1,772,803
Capital Outlay	17,262	100,843	973,739	1,091,844	747,156	32,741	476,862	3,415,533	3,925,136	929,042	60,125	143,726	3,239,641	3,443,492	1,540,303
Unclassified	100,456	-	-	100,456	-	-	-	-	-	-	-	-	-	-	-

SCHEDULE 10
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
GENERAL FUND	-2,282,311	87,070,787	86,403,503	-1,615,027	95,394,242	92,993,836	785,379	98,500,613	97,650,244	1,635,748
SPECIAL FUNDS										
Abandoned Mine Reclamation & Minerals Fd	1,263	1,016	397	1,882	1,071	526	2,427	1,005	1,208	2,224
Abandoned Watercraft Abatement Fund	415	600	598	417	850	850	417	775	775	417
Accountancy Fund	14,651	9,052	9,402	14,301	10,230	11,212	13,319	10,254	11,626	11,947
Acupuncture Fund	5,830	-2,594	1,869	1,367	2,658	2,770	1,255	2,657	2,810	1,102
Acute Orphan Well Account, Oil, Gas, Geo	831	3	5	829	2	10	821	2	804	19
Administration Act, Child & Families	24,359	4,757	6,027	23,089	4,569	4,600	23,058	4,415	4,436	23,037
Adoption Assistance Program Subacct	-	381,791	381,791	-	-	-	-	-	-	-
Adoptions Subaccount, HHSA	-	70,405	70,405	-	-	-	-	-	-	-
Adult Protective Services Subacct, HHSA	-	55,000	55,000	-	-	-	-	-	-	-
Advanced Services Fund, California	33,802	11,157	1,497	43,462	21,824	40,218	25,068	98,043	58,482	64,629
Aeronautics Account STF	3,039	5,614	6,992	1,661	5,449	5,608	1,502	5,448	5,663	1,287
Agricultural Export Promotion Act, CA	55	8	6	57	10	10	57	10	10	57
Air Pollution Control Fund	42,574	139,421	157,304	24,691	145,337	153,826	16,202	104,267	117,391	3,078
Air Quality Improvement Fund	16,523	31,226	44,344	3,405	34,000	35,279	2,126	34,000	35,726	400
Air Toxics Inventory and Assessment Act	708	516	220	1,004	600	980	624	600	975	249
Alcohol Beverages Control Fund	27,474	52,884	47,074	33,284	53,940	54,459	32,765	55,017	56,259	31,523
Alcoholic Beverage Control Appeals Fund	1,193	1,251	909	1,535	1,276	1,017	1,794	1,802	1,033	2,563
Alternative & Renewable & Vehicle Tech	71,581	104,536	99,609	76,508	107,859	173,027	11,340	103,397	107,488	7,249
Analytical Laboratory Account, Food & Ag	1,250	204	351	1,103	223	503	823	223	500	546
Antiterrorism Fund	763	435	542	656	1,400	819	1,237	1,400	1,259	1,378
Appellate Court Trust Fund	3,977	5,167	4,405	4,739	6,355	6,960	4,134	6,355	6,597	3,892
Apprenticeship Training Contribution Fd	18,650	9,942	10,368	18,224	8,000	10,729	15,495	8,000	11,085	12,410
Architects Board Fund, California	2,580	4,156	2,694	4,042	2,770	3,696	3,116	4,086	3,850	3,352
Architectural Paint Stewardship Account	-	-	-	-	577	253	324	205	262	267
Armory Discretionary Improvement Account	362	101	87	376	101	173	304	101	175	230
Asbestos Consultant Certification Act	1,078	433	344	1,167	429	378	1,218	429	393	1,254
Asbestos Training Approval Account	531	193	121	603	192	135	660	192	139	713
Assembly and Senate, Operating Funds Of	32	-	-	32	-	-	32	-	-	32
Assembly Operating Fund	153	-	-	153	-	-	153	-	-	153
Assistance for Fire Equipment Acct, State	778	73	22	829	87	115	801	87	105	783
Athletic Commission Fund	466	1,387	1,830	23	1,381	1,195	209	1,392	1,193	408
Athletic Comm Neurlgl Exmntn Acct, St	699	79	66	712	23	119	616	23	124	515
Attorney General Antitrust Account	585	1,906	1,548	943	1,905	2,324	524	1,905	2,421	8
Audit Fund, State	1,945	-	-2,778	4,723	-	-	4,723	-	-	4,723
AIDS Drug Assistance Program Rebate Fund	52,046	242,068	289,078	5,036	307,859	309,591	3,304	285,124	265,079	23,349
AIDS Vaccine Research Develop Grant Fd	27	-27	-	-	-	-	-	-	-	-
Barbering & Cosmetology Contingent Fund	16,081	10,855	16,943	9,993	21,785	19,983	11,795	22,789	20,546	14,038
Beach and Coastal Enhancement Acct, Calif	1,570	1,749	1,318	2,001	1,782	2,460	1,323	1,764	1,884	1,203
Behavioral Health Services Growth Spec	-	-	-	-	24,843	24,843	-	73,778	73,778	-
Behavioral Health Subaccount	-	-	-	-	959,396	959,396	-	984,239	984,239	-
Behavioral Science Examiners Fund	4,626	4,491	7,319	1,798	7,571	8,079	1,290	8,991	8,050	2,231
Beverage Container Recycling Fund, CA	184,983	1,202,974	1,182,672	205,285	1,063,991	1,196,167	93,109	1,233,689	1,201,753	125,045
Bicycle Transportation Account, STF	5,179	7,276	7,093	5,362	7,331	12,051	642	50	55	637

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Bimetal Processing Fee Act, Bev Cont Re	12,830	1,549	395	13,984	1,365	381	14,968	1,369	381	15,956	
Bingo Fund, California	631	-	1	630	-	-	630	-	-	630	
Birth Defects Monitoring Fund	6,167	3,723	2,945	6,945	3,630	4,153	6,422	3,875	4,192	6,105	
Bldg Sinds Admin Special Revolving Fund	1,264	1,471	1,145	1,590	1,472	1,350	1,712	1,572	1,453	1,831	
Breast Cancer Control Account	9,316	13,051	17,105	5,262	10,395	11,290	4,367	10,348	11,830	2,885	
Breast Cancer Fund	4,188	-3,394	717	77	710	786	1	804	805	-	
Breast Cancer Research Account	16,738	13,075	26,882	2,931	10,489	11,064	2,356	10,442	12,228	570	
Business Fees Fund, Secty of State's	897	38,666	38,563	1,000	33,590	33,590	1,000	35,359	35,359	1,000	
Cal- OSHA Targeted Inspection & Consult	13,155	21,870	8,223	26,802	40	8,849	17,993	-4,960	41	12,992	
California Memorial Scholarship Fund	29	-	-	29	-	-	29	-	4	25	
CalWORKs Maintenance of Effort Subacct	-	701,586	701,586	-	701,586	701,586	-	752,040	752,040	-	
Cannery Inspection Fund	1,633	2,146	1,980	1,799	2,176	2,381	1,594	2,176	2,409	1,361	
Car Wash Worker Fund	2,630	541	211	2,960	540	198	3,302	540	199	3,643	
Car Wash Worker Restitution Fund	1,780	417	78	2,119	416	80	2,455	416	80	2,791	
Carpet Stewardship Account, IWMF	-	-	-	-	290	253	37	290	262	65	
Caseload Subacct, Sales Tax Growth Acct	-	227,637	227,637	-	28,756	28,756	-	-	-	-	
Cemetery Fund	2,201	2,141	1,987	2,355	2,202	2,322	2,235	2,228	2,540	1,923	
Centrl Cst St Vet Cmnty Ft Ord Oper, CA	-	-	-	-	1,074	1,074	-	-	-	-	
Certification Act, Consumer Affairs Fd	970	1,114	1,030	1,054	1,123	1,127	1,050	1,160	1,158	1,052	
Certification Fund	4,080	1,483	1,349	4,214	1,427	1,701	3,940	1,427	1,681	3,686	
Certified Access Specialist Fund	694	386	262	818	334	288	864	397	281	980	
Certified Unified Program Account, State	2,556	1,451	1,186	2,821	1,586	2,227	2,180	1,573	2,256	1,497	
Charity Bingo Mitigation Fund	-	13	13	-	10	10	-	10	10	-	
Child Abuse Fund, DOJ	1,573	418	301	1,690	419	372	1,737	419	387	1,769	
Child Abuse Prevention Subacct, HHSA	-	13,395	13,395	-	-	-	-	-	-	-	
Child Care Act, Child & Families Trust	23,129	14,107	12,737	24,499	13,565	13,565	24,499	13,102	13,102	24,499	
Child Health and Safety Fund	4,651	4,908	2,497	7,062	4,628	5,713	5,977	4,628	5,828	4,777	
Child Performer Services Permit Fund	-	-	-	-	250	-	250	690	701	239	
Child Welfare Services Subacct, HHSA	-	670,486	670,486	-	-	-	-	-	-	-	
Childhood Lead Poisoning Prevention Fund	71,905	11,210	20,083	63,032	21,202	23,678	60,556	21,202	23,870	57,888	
Children & Families First Trust Fd, Cal	531	15,185	15,712	4	17,162	17,162	4	17,604	17,602	6	
Children's Health & Human Services Sp Fd	88,547	251,328	307,898	31,977	364,603	282,732	113,848	484,973	461,199	137,622	
Children's Medical Services Rebate Fund	31,585	11,339	8,000	34,924	9,117	9,000	35,041	9,117	9,000	35,158	
Chiropractic Examiners Fund	2,591	3,602	4,060	2,133	3,519	3,677	1,975	3,524	3,833	1,666	
Cigarette & Tobacco Products Compliance	7,384	1,657	850	8,191	1,573	1,203	8,561	1,499	1,273	8,787	
Cigarette & Tobacco Products Surtax Fund	47	8,880	8,935	-8	9,859	9,760	91	10,064	9,987	168	
Clandestine Drug Lab Clean-Up Account	8	-	-	8	-	-	8	-	-	8	
Clinical Laboratory Improvement Fund	9,483	9,911	6,920	12,474	10,521	10,638	12,357	11,024	10,886	12,495	
Cinup Loans Envmntl Asst Neighood Act	3,381	-29	-175	3,527	-40	-	3,487	-35	1,000	2,452	
Co Medical Svc Subacct,Sales Tax Growth	-	-	-	-	6,521	6,521	-	8,018	8,018	-	
Coachella Valley Mountains Conservancy	21	5	24	2	5	5	2	5	5	2	
Coastal Access Account, SCCF	2,035	500	538	1,997	500	1,166	1,331	500	500	1,331	
Coastal Act Services Fund	2,304	661	224	2,741	700	669	2,772	700	683	2,789	
Collegiate License Plate Fund, Calif	1	-	-	1	-	-	1	-	-	1	
Collins-Dugan Calif Conserv Corps Reimb	17,334	20,521	31,515	6,340	32,764	36,770	2,334	28,886	29,189	2,031	

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Commnty Corrtcns Perfmnc Inctvts Fd, St.	-	-	-419	419	-	419	-	-	-	-
Community Corrections Growth Special Acc	-	-	-	-	77,354	77,354	-	89,771	89,771	-
Community Corrections Subaccount	-	-	-	-	842,900	842,900	-	998,900	998,900	-
Community Revitalization Fee Fund	1	-	-	1	-1	-	-	-	-	-
Construction Management Education Act	336	57	134	259	58	180	137	58	174	21
Contingent Fd of the Medical Board of CA	30,996	43,857	50,240	24,613	52,513	56,291	20,835	52,523	57,115	16,243
Continuing Care Provider Fee Fund	2,381	567	1,401	1,547	592	1,343	796	886	1,338	344
Contractors' License Fund	15,250	64,917	53,490	26,677	54,986	58,866	22,797	53,314	61,619	14,492
Corporations Fund, State	58,600	37,292	35,746	60,146	35,321	44,886	50,581	20,324	44,867	26,038
Corrections Training Fund	17,028	19,828	20,869	15,987	19,936	22,159	13,764	13,624	22,115	5,273
Cost of Implementation Account	-	-	-	-	-	-	-	41,893	39,604	2,289
Counties Children & Families Act	-	373,592	373,592	-	359,221	359,221	-	346,867	346,867	-
County School Service Fd Contingency Ac	100	-	-	100	-	-	100	-	-	100
Court Collection Account	3,446	90,022	86,518	6,950	81,271	79,300	8,921	81,271	79,793	10,399
Court Facilities Trust Fund	-1,077	99,868	95,884	2,907	99,747	101,756	898	102,100	101,756	1,242
Court Interpreters' Fund	213	212	160	265	194	164	295	194	167	322
Court Reporters Fund	1,365	752	773	1,344	632	770	1,206	636	894	948
Credit Union Fund	2,484	6,429	7,193	1,720	7,272	7,380	1,612	8,622	7,538	2,696
Dam Safety Fund	1,341	10,826	10,672	1,495	11,185	11,257	1,423	11,639	11,691	1,371
Davis-Dolwig Account	-	-	-	-	10,000	10,000	-	10,000	10,000	-
Deaf & Disabled Telecomm Prg Admin Comm	16,132	63,675	68,688	11,119	55,434	54,968	11,585	55,434	64,001	3,018
Dealers' Record of Sale Special Account	18,231	5,829	11,621	12,439	19,379	20,809	11,009	24,137	22,404	12,742
Debt & Investment Advisory Comm Fund, Cal	5,385	1,780	2,231	4,934	1,958	2,798	4,094	2,010	2,882	3,222
Debt Limit Allocation Committee Fund, Cal	3,576	977	1,098	3,455	1,013	1,395	3,073	1,113	1,343	2,843
Deficit Recovery Bond Retirement Sinking	928	41,811	41,286	1,453	63	62	1,454	46,711	46,691	1,474
Dental Assistant Fund, State	2,310	1,634	1,499	2,445	1,647	1,742	2,350	1,664	1,859	2,155
Dental Hygiene Fund, State	711	1,119	942	888	1,089	1,412	565	1,106	1,530	141
Dentally Underserved Account	1,979	7	25	1,961	10	133	1,838	10	132	1,716
Dentistry Fund, State	6,159	9,926	9,905	6,180	8,013	11,486	2,707	10,746	11,878	1,575
Department of Agriculture Account, Ag Fd	37,328	118,364	113,419	42,273	127,663	139,331	30,605	143,595	137,378	36,822
Developmental Disabilities Prog Dev Fund	1,504	5,158	6,662	-	10,143	10,142	1	9,556	9,557	-
Developmental Disabilities Services Acct	153	-	-	153	150	150	153	150	150	153
Diesel Emission Reduction Fund	3,087	180	-	3,267	214	-	3,481	214	-	3,695
Disability Access & Education Revolv Fd	-	-	-	-	-	-	-	532	532	-
Disability Access Account	3,462	5,719	6,422	2,759	4,962	5,645	2,076	4,474	6,545	5
Disaster Relief Fund	3	-	-	3	-	-	3	-	-	3
Dispensing Opticians Fund	359	186	200	345	171	342	174	168	333	9
Dist Attorney & Public Defender Subacnt	-	-	-	-	14,600	14,600	-	17,100	17,100	-
Dist. Attorney & Pub. Defender Growth SA	-	-	-	-	5,157	5,157	-	5,985	5,985	-
District Attorney and Public Defender	-	12,700	12,700	-	-	-	-	-	-	-
Domestic Violence Trng & Education Fund	690	637	1,136	191	712	805	98	792	795	95
Drinking Water Operator Cert Special Act	2,438	1,627	1,372	2,693	1,659	1,696	2,656	1,707	1,818	2,545
Drinking Water Treatment & Research Fund	2,594	10	-	2,604	10	-	2,614	10	-	2,624
Driver Training Penalty Assessment Fund	4,626	1,626	1,561	4,691	1,607	1,654	4,644	1,647	1,655	4,636
Driving Under-the-Influence Prog Lic Trs	2,208	-99	1,605	504	1,415	1,763	156	1,819	1,812	163

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Drug and Device Safety Fund	7,534	4,466	5,155	6,845	4,325	5,863	5,307	4,325	6,258	3,374
Drug Court Subaccount, HHSA	-	26,851	26,851	-	-	-	-	-	-	-
Drug Medi-Cal Subaccount, HHSA	-	131,085	131,085	-	-	-	-	-	-	-
DNA Identification Fund	34,625	56,478	54,766	36,337	64,355	76,626	24,066	65,982	77,981	12,067
Earthquake Emergency Invest Acct-NDA Fd	49	-	-	49	-	-	49	-	-	49
Earthquake Risk Reduction Fund of 1996	407	1,000	1,000	407	1,000	1,000	407	1,000	1,000	407
Education Acct, Child & Families TrustFid	25,051	23,483	27,297	21,237	22,582	22,582	21,237	21,810	21,810	21,237
Educational Telecommunication Fund	2,458	-	1,815	643	-	332	311	-	311	-
Electric Program Investment Charge Fund	-	-	-	-	12,128	1,094	11,034	197,100	193,280	14,854
Electrician Certification Fund	4,959	2,304	1,687	5,576	2,500	2,676	5,400	2,400	2,621	5,177
Electronic and Appliance Repair Fund	2,270	2,303	2,660	1,913	2,300	2,432	1,781	2,289	2,702	1,368
Electronic Waste Recovery & Recycling	87,626	112,184	95,597	104,213	84,991	96,406	92,798	55,373	96,714	51,457
Elevator Safety Account	10,208	27,086	19,383	17,911	26,682	20,709	23,884	26,692	21,630	28,946
Emerg Medical Svcs Trng Prog Approval Fd	153	224	377	-	371	358	13	371	377	7
Emergency Food Assistance Program Fund	644	592	632	604	626	602	628	148	624	152
Emergency Medical Air Transportation Act	3,232	9,199	-	12,431	7,170	15,272	4,329	7,170	10,010	1,489
Emergency Medical Services Personnel Fnd	713	2,092	1,570	1,235	2,103	1,550	1,788	2,103	1,933	1,958
Emergency Medical Technician Cert Fund	105	1,436	1,134	407	1,903	1,596	714	1,903	1,624	993
Emergency Telephone Number Acct, State	69,827	83,320	98,579	54,568	108,700	122,386	40,882	78,100	118,980	2
Employment Development Contingent Fund	-21,843	69,084	47,241	-	64,062	64,062	-	53,186	53,186	-
Employment Development Dept Benefit Audit	-1	14,988	14,987	-	15,435	15,435	-	15,876	15,876	-
Energy Conservation Assistance Ac, State	12,701	27,042	266	39,477	3,010	42,487	-	2,686	2,686	-
Energy Facility License and Compliance	6,201	4,529	5,938	4,792	3,585	2,495	5,882	3,585	3,515	5,952
Energy Resources Programs Account	-12,674	84,727	60,589	11,464	90,977	71,780	30,661	70,786	75,020	26,427
Energy Resources Surcharge Fund	38,947	-10,552	-	28,395	-20,191	-	8,204	-	-	8,204
Energy Tech Research, Dev, & Demo Acct	2,926	33	-	2,959	1	13	2,947	-	-	2,947
Enhanced Fleet Mod Subacct,HIPolRprRmvl	5,513	51,303	37,901	18,915	31,599	37,511	13,003	31,774	36,564	8,213
Enhancing Law Enforcement Activities Sub	-	-	-	-	489,900	489,900	-	489,900	489,900	-
Enterprise Zone Fund	1,228	1,672	1,045	1,855	1,100	1,288	1,667	1,500	1,472	1,695
Entertainment Work Permit Fund	-	24	-	24	300	65	259	50	309	-
Environmental Enhancement and Mitigation	8,329	10,121	8,487	9,963	10,030	13,646	6,347	26	1	6,372
Environmental Enhancement Fund	2,006	186	26	2,166	106	361	1,911	102	358	1,655
Environmental Laboratory Improvement Fnd	783	2,795	2,369	1,209	2,904	2,883	1,230	2,904	3,161	973
Environmental License Plate Fund, Calif	3,761	40,794	38,333	6,222	43,391	42,065	7,548	43,361	42,236	8,673
Environmental Protection Trust Fund	124	1	-	125	1	-	126	1	-	127
Environmental Quality Assessment Fund	341	78	213	206	-	52	154	-	7	147
Environmental Water Fund	79	-	-	79	-	-	79	-	-	79
Equality in Prv & Svcs Domestic Abuse Fd	221	87	101	207	75	103	179	75	103	151
Expedited Site Remediation Trust Fund	2,970	-	692	2,278	561	-	2,839	-	2,837	2
Export Document Program Fund	1,812	344	215	1,941	325	233	2,033	325	499	1,859
Exposition Park Improvement Fund	4,691	6,410	7,328	3,773	6,412	7,698	2,487	6,412	7,957	942
Fair and Exposition Fund	5,952	3,224	2,626	6,550	1,004	3,581	3,973	1,004	1,356	3,621
False Claims Act Fund	1,797	13,169	8,773	6,193	11,599	11,720	6,072	11,007	12,189	4,890
Family Law Trust Fund	1,754	1,924	1,842	1,836	1,919	2,786	969	1,919	2,812	76
Farm & Ranch Solid Waste Cleanup & Abate	1,887	300	272	1,915	1,000	1,138	1,777	-	1,141	636

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Farmworker Remedial Account	530	237	-	767	225	102	890	225	102	1,013
Film Promotion and Marketing Fund	1	8	3	6	10	10	6	10	10	6
Financial Institutions Fund	11,736	24,364	24,553	11,547	24,463	25,914	10,096	24,463	26,173	8,386
Financial Responsibility Penalty Account	1,131	-181	-	950	-	-	950	-	-	950
Fingerprint Fees Account	35,662	40,579	59,108	17,133	69,937	68,758	18,312	69,937	70,577	17,672
Fire and Arson Training Fund, Calif	2,004	2,239	2,825	1,418	2,408	3,268	558	2,708	3,231	35
Fire Marshal Fireworks Enf & Disp Fd, St	586	6	330	262	199	179	282	600	332	550
Fire Marshal Licensing & Cert Fund, St	1,574	2,154	2,020	1,708	2,120	2,870	958	2,120	2,833	245
Firearm Safety Account	1,316	677	307	1,686	846	336	2,196	1,058	345	2,909
Firearms Safety and Enforcement Sped Fd	5,244	850	3,218	2,876	7,203	3,416	6,663	9,004	3,499	12,168
Fiscal Recovery Fund	205,556	1,314,963	983,702	536,817	1,401,700	1,398,717	539,800	1,498,100	1,496,144	541,756
Fish and Game Preservation Fund	96,722	90,446	97,925	89,243	95,053	113,992	70,304	99,278	110,596	58,986
Fish and Wildlife Pollution Account	661	1,595	2,035	221	1,195	1,281	135	1,059	1,133	61
Food Safety Fund	6,685	7,414	6,005	8,094	7,298	7,448	7,944	7,298	7,795	7,447
Foreclosure Consultant Regulation Fund	9	2	-	11	2	-	13	2	-	15
Foster and Small Family Insurance Fund	3,260	-	-278	3,538	-	-	3,538	-	-	3,538
Foster Care Administration Subaccount	-	40,094	40,094	-	-	-	-	-	-	-
Foster Care Assistance Subaccount, HHSA	-	391,067	391,067	-	-	-	-	-	-	-
Funeral Directors and Embalmers Fund, St	1,953	1,261	1,435	1,779	1,293	1,741	1,331	1,353	1,804	880
Gambling Addiction Program Fund	485	197	119	563	205	160	608	205	159	654
Gambling Control Fines & Penalties Acct	1,649	164	41	1,772	458	47	2,183	164	48	2,299
Gambling Control Fund	23,921	-1,993	8,994	12,934	16,557	11,048	18,443	16,557	13,072	21,928
Garment Industry Regulations Fund	3,918	2,874	2,895	3,897	2,874	2,967	3,804	2,874	3,053	3,625
Garment Manufacturers Special Account	2,906	394	-	3,300	395	500	3,195	395	500	3,090
Gas Consumption Surcharge Fund	175,433	477,458	495,044	157,847	566,605	588,954	135,498	566,605	588,086	114,017
General Growth Subacct,Sales Tax Growth	-	-	-	-	126,650	126,650	-	191,085	191,085	-
Genetic Disease Testing Fund	7,042	108,611	111,136	4,517	111,136	114,728	925	115,690	115,859	756
Geology and Geophysics Account PELS Fund	1,061	987	1,007	1,041	997	1,366	672	969	1,384	257
Geothermal Resources Development Account	6	3,338	3,371	-27	2,800	2,778	-5	2,800	2,770	25
Glass Processing Fee Account	758	54,513	57,896	-2,625	64,041	58,395	3,021	63,076	54,275	11,822
Gold Star License Plate Account, SLPF	185	-	185	-	-	-	-	-	-	-
Graphic Design License Plate Account	2,620	2,352	2,803	2,169	2,279	2,828	1,620	2,211	2,868	963
Greenhouse Gas Reduction Fund	-	-	-	-	200,000	200,000	-	400,000	400,000	-
Guide Dogs for the Blind Fund	195	144	175	164	143	197	110	152	198	64
Habitat Conservation Fund	34,082	6,673	28,878	11,877	6,562	6,140	12,299	9,432	9,432	12,299
Hatchery and Inland Fisheries Fund	15,594	20,317	25,784	10,127	20,840	24,920	6,047	21,366	21,590	5,823
Hazardous & Idle-Deserted Well Abate Fnd	599	111	133	577	129	251	455	129	125	459
Hazardous Liquid Pipeline Safety Calif	5,691	3,221	2,115	6,797	3,345	3,339	6,803	3,345	3,369	6,779
Hazardous Spill Prevention Acct, RAPRF	4	-	-	4	-	-	4	-	-	4
Hazardous Waste Control Account	23,623	48,692	45,678	28,637	48,174	48,871	25,940	51,703	51,551	26,092
Health Care Benefits Fund	262	1,843	1,843	262	2,000	2,000	262	2,000	2,000	262
Health Data & Planning Fund, CA	12,935	29,978	25,716	17,197	25,301	28,749	13,749	26,256	28,410	11,595
Health Ed Acct, Cig & Tob Pr-Surtax	18,802	65,349	66,558	17,593	61,979	71,643	7,929	60,333	64,849	3,413
Health Information Technology & Exchange	-179	10,672	10,493	-	10,500	10,500	-	9,881	9,881	-
Health Statistics Special Fund	8,139	19,336	23,374	4,101	20,665	21,893	2,873	22,164	23,717	1,320

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Health Subaccount, Sales Tax Account	-	325,583	325,583	325,583	-	325,583	325,583	-	398,553	398,553	-
Hearing Aid Dispensers Act of the SLPAP	735	-135	-	600	-	-	-	-	-	-	-
Heritage Enrichment Resource Fund	14	52	38	38	28	52	40	40	52	48	44
Heritage Fund, California	62	-	-	-	62	-	-	62	-	-	62
High Polluter Repair or Removal Account	11,885	36,298	40,644	40,644	7,539	36,508	38,925	5,122	36,873	41,523	472
High-Cost Fund-A Admin Committee Fd, Cal	56,061	223	37,338	37,338	18,946	53,645	50,047	22,544	55,349	50,001	27,892
High-Cost Fund-B Admin Committee Fd, Cal	-2,915	48,104	22,491	22,491	22,698	46,547	36,533	32,712	123,209	29,509	126,412
Highway Account, State, STF	373,520	3,441,541	3,334,068	3,334,068	480,993	3,208,502	3,424,232	265,263	3,734,548	3,616,141	383,670
Highway Users Tax Account, TTF	35,708	1,788,172	1,823,880	1,823,880	-	1,535,943	1,535,943	-	1,873,522	1,873,522	-
Historic Property Maintenance Fund	-308	1,653	1,500	1,500	-155	1,937	1,658	124	2,105	1,655	574
Home Furnish & Thermal Insulation Fund	3,741	2,571	4,049	4,049	2,263	3,914	4,679	1,498	5,413	4,884	2,027
Horse Racing Fund	1,415	11,723	11,596	11,596	1,542	11,599	11,561	1,580	11,647	11,726	1,501
Hospital Building Fund	113,632	-21,189	48,036	48,036	44,407	45,142	55,505	34,044	48,142	57,288	24,898
Hospital Quality Assurance Revenue Fund	595,164	49,453	637,351	637,351	7,266	5,594,600	4,788,224	813,642	3,145,590	3,790,569	168,663
Hospital Svc Acct, Cig & Tob Pr Surtax	16,317	63,130	70,593	70,593	8,854	57,429	58,946	7,337	54,711	58,946	3,102
HICAP Fund, State	779	2,744	2,480	2,480	1,043	2,936	2,493	1,486	2,936	2,487	1,935
Illegal Drug Lab Cleanup Account	4,660	16	898	898	3,778	6	892	2,892	17	883	2,026
Immediate and Critical Needs Acct, SCFCF	405,524	-238,659	105,804	105,804	61,061	301,121	288,803	73,379	100,281	159,526	14,134
Indian Gaming Special Distribution Fund	82,787	15,759	37,440	37,440	61,106	10,295	41,682	29,719	6,271	30,701	5,289
Industrial Development Fund	23	15	34	34	4	315	263	56	218	269	5
Industrial Rel Construction Enforce Fd	1,164	127	64	64	1,227	127	62	1,292	-1,292	-	-
Infant Botulism Treatment & Prevention	7,483	6,011	4,808	4,808	8,686	4,233	6,249	6,670	4,233	6,201	4,702
Inland Wetlands Cons Fd, Wildlife Rest	1,127	4	-	-	1,131	4	500	635	4	-	639
Insurance Fund	57,472	201,217	222,163	222,163	36,526	211,925	223,053	25,398	234,523	238,365	21,556
Int Hlth Info Integrity Qual Imprvmt Acct	8	16	-	-	24	25	25	24	25	25	24
Integrated Waste Management Account	23,259	34,587	35,527	35,527	22,319	34,641	40,490	16,470	36,154	41,462	11,162
Internat Student Exch Visitor Plcmt Org	74	5	-	-	79	5	-	84	5	-	89
Judicial Admin Efficiency & Modernization	4,382	-19,857	-23,356	-23,356	7,881	-7,881	-	-	-	-	-
Juvenile Justice Growth Special Account	-	-	-	-	-	10,314	10,314	-	11,969	11,969	-
Juvenile Reentry Grant Special Account	-	-	-	-	-	5,453	5,453	-	6,022	6,022	-
Juvenile Reentry Grant Subaccount, JJA	-	3,742	3,742	3,742	-	-	-	-	-	-	-
Labor and Workforce Development Fund	4,137	5,276	366	366	9,047	4,000	5,578	7,469	4,000	5,268	6,201
Labor Enforcement and Compliance Fund	20,688	37,926	37,740	37,740	20,874	36,184	38,714	18,344	47,214	43,583	21,975
Lake Tahoe Conservancy Account	1,888	1,172	1,321	1,321	1,739	1,182	2,366	555	1,182	1,144	593
Landscape Architects Fd, CA Bd/Arch Exam	2,109	778	602	602	2,285	760	1,133	1,912	759	1,174	1,497
Law Library Special Account, Calif_State	459	406	562	562	303	410	605	108	410	503	15
Lead-Related Construction Fund	528	516	437	437	607	500	488	619	500	538	581
Leaking Undergrnd Stor Tank Cost Recovery	101	-	-	-	101	-	-	101	-	-	101
Licensed Midwifery Fund	153	34	-	-	187	35	-	222	34	-	256
Licensing and Certification Prog Fd, PH	44,386	78,287	70,280	70,280	52,393	75,400	86,857	40,936	76,955	89,039	28,852
Lifetime License Trust Acct, Fish & Game	8,074	366	-	-	8,440	495	-	8,935	509	-	9,444
Loc Pub Prosecutors & Pub Defenders Trng	1,055	854	869	869	1,040	853	881	1,012	853	882	983
Local Agency Deposit Security Fund	452	244	258	258	438	241	396	283	241	409	115
Local Airport Loan Account	13,119	1,037	1,020	1,020	13,136	1,245	-1,435	15,816	1,242	-1,435	18,493
Local Community Corrections Acct, LRF	-	354,300	354,300	354,300	-	-	-	-	-	-	-

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Local Govt Geothermal Resource Subacct	1,780	1,801	362	3,219	1,201	809	3,611	1,201	4,010	802
Local Jurisdiction Energy Assistance	1,312	-	-	1,312	1	-	1,313	-	-	1,313
Local Law Enforcement Services Acct, LRF	-	489,900	489,900	-	-	-	-	-	-	-
Local Revenue Fund	-	714	714	-	699	699	-	725	725	-
Local Safety and Protection Account, TTF	773	-	-	773	-	-	773	-	-	773
Local Transportation Loan Acct, SHA, STF	3,975	15	-	3,990	14	-	4,004	14	-	4,018
Long-Term Care Quality Assurance Rev Fd	-	-	-	-	-	-	-	511,079	-	511,079
Low Income Health MCE Out Network ECS	-	-	-	-	-	-	-	-	-	-
Major Risk Medical Insurance Fund	17,059	33,067	25,336	24,790	86,400	66,400	20,000	129,600	99,600	50,000
Managed Care Admin Fines & Penalties Fnd	3,289	-2,264	-	1,025	30,885	43,020	12,655	31,800	42,955	1,500
Managed Care Fund	15,427	42,129	40,359	17,197	38,332	50,044	935	-149	-	786
Marine Invasive Species Control Fund	3,150	4,364	4,246	3,268	4,590	4,754	3,104	45,904	48,907	2,482
Mass Media Comm Acct, Child & Fam Trust	31,405	28,856	40,530	19,731	27,006	27,006	19,731	4,590	4,745	2,949
Mass Transit Revolving Account STF	1,000	-	-	1,000	-	-	1,000	26,079	26,079	19,731
Medical Marijuana Program Fund	123	457	276	304	294	290	-	-	-	1,000
Medical Waste Management Fund	2,605	2,108	1,820	2,893	2,107	2,139	308	-61	208	39
Mental Health Practitioner Education Fd	-	336	445	551	345	597	2,861	2,107	2,231	2,737
Mental Health Services Fund	1,408,282	1,190,743	1,842,369	756,656	1,351,609	1,417,780	690,485	1,195,946	1,402,754	483,677
Mental Health Subaccount, Sales Tax Acct	-	1,083,600	1,083,600	-	1,130,128	1,130,128	-	1,131,665	1,131,665	-
Mental Hlth Facility Licensing Fund	92	364	391	65	363	393	35	360	393	2
Mexican Amer Vet's Memrl Beautif/Enhance	13	153	31	135	20	27	128	100	18	210
Mine Reclamation Account	2,591	3,646	3,923	2,314	3,658	4,343	1,629	3,665	4,688	606
Missing Children Reward Fund	7	-	-	7	-	-	7	-	-	7
Missing Persons DNA Data Base Fund	4,813	-739	3,051	1,023	3,240	3,326	937	4,220	3,460	1,697
Mobilehome Manufactured Home Revolv Fd	6,285	18,962	17,011	8,236	19,095	17,537	9,794	19,095	17,867	11,022
Mobilehome Parks & Spec. Occupancy Rv Fd	3,405	6,713	6,118	4,000	6,771	6,859	3,912	6,771	6,847	3,836
Motor Carriers Safety Improvement Fund	3,462	1,634	2,056	3,040	1,658	2,078	2,620	1,658	2,099	2,179
Motor Vehicle Account, STF	286,342	2,835,112	2,630,852	490,602	2,543,513	2,799,745	234,370	2,917,353	2,914,609	237,114
Motor Vehicle Fuel Account, TTF	-11,858	39,637	27,779	-	30,048	30,048	-	31,699	31,699	-
Motor Vehicle Insurance Account, State	27,458	12,100	30,603	8,955	43,195	49,437	2,713	40,000	34,172	8,541
Motor Vehicle License Fee Account, TTF	7,581	29,939	34,698	2,822	27,720	30,382	160	22,485	22,560	85
Motor Vehicle Parking Facil Moneys Acct	686	3,302	2,948	1,040	3,371	2,327	2,084	3,386	3,321	2,149
Motor Vehicle Trans Tax Account, TTF	1,751	-	-	1,751	-	-	1,751	-1,751	-	-
Narcotic Treatment Program Licensing Trt	863	1,334	1,252	945	1,364	1,365	964	1,384	1,384	964
Native Species Conserv & Enhancement Acc	304	69	-	373	95	-	488	87	-	555
Natural Gas Subaccount, PIRD&D Fund	23,308	24,261	26,334	21,235	24,262	41,363	4,134	24,262	24,110	4,286
Naturopathic Doctor's Fund	277	189	104	362	220	172	410	217	166	461
New Motor Vehicle Board Account	1,270	1,063	1,645	688	1,495	1,623	560	1,630	1,729	461
Nondesignated Public Hospital Supplementl	1,672	9	1,225	456	8	457	7	2	-	9
Nondrug Medi-Cal Substance Abuse Tretmnt	-	20,533	20,533	-	-	-	-	-	-	-
Nontoxic Dry Cleaning Incentive Trst Fd	1,012	165	449	728	180	403	505	180	403	282
Notes Expense Account, State	250	-	-	250	-	-	250	-	-	250
Nuclear Planning Assessment Special Acct	-18	4,404	5,073	-687	6,351	5,664	-	5,796	5,796	-
Nursing Home Admin St Lic Exam Fund	610	357	288	679	372	328	723	372	344	751
Occupancy Compliance Monitoring Account	37,485	-16,713	2,803	17,949	5,368	3,645	19,672	5,368	3,827	21,213

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Occupational Lead Poisoning Prev Account	3,605	3,154	3,883	2,876	3,100	3,995	1,981	3,100	4,078	1,003
Occupational Safety and Health Fund	29,859	34,882	40,731	24,010	35,475	39,955	19,530	57,932	51,355	26,107
Occupational Therapy Fund	896	979	1,267	608	1,688	1,351	945	1,086	1,428	603
Off Highway License Fee Fund	185	1,994	2,179	-	2,405	2,405	-	2,405	2,405	-
Off-Highway Vehicle Trust Fund	166,865	126,799	91,660	202,004	-22,840	120,120	59,044	82,095	96,364	44,775
Office of Patient Advocate Trust Fund	-	-	-	-	2,506	2,477	29	2,526	2,526	29
Oil Spill Prevention & Administration Fd	8,900	37,470	34,798	11,572	38,590	42,388	7,774	38,842	42,261	5,355
Oil Spill Response Trust Fund	10,921	4,230	2,750	12,401	555	2,011	10,945	566	2,009	9,502
Oil, Gas and Geothermal Administrative	5,940	29,055	27,731	7,264	30,858	34,508	3,614	37,027	35,534	5,107
Olympic Training Account, California	49	-43	-	6	-	-	6	-	-	6
Optometry Fund, State	1,520	717	1,276	961	1,751	1,704	1,008	1,788	1,849	947
Osteopathic Medical Bd of Calif Contn Fd	4,450	-32	1,525	2,893	1,546	1,763	2,676	1,622	1,806	2,492
Other - Unallocated Special Funds	-	-	-42,850	42,850	5,737	38,177	10,410	-	207,434	-197,024
Outpatient Setting Fd of Medical Board	260	1	2	259	63	27	295	1	27	269
Parks and Recreation Fund, State	57,682	138,790	138,259	58,213	125,309	149,333	34,189	113,309	130,918	16,580
Payphone Service Providers Committee Fd	217	1	-	218	1	72	147	1	72	76
Peace Officers' Training Fund	30,009	44,941	49,928	25,022	45,284	58,877	11,429	48,717	59,447	699
Pedestrian Safety Account, STF	10	-	-	10	-	-	10	-	-	10
Penalty Acct, Ca Bev Container Recyc Fd	4,110	1,077	-	5,187	214	-	5,401	215	-	5,616
Perinatal Insurance Fund	11,635	55,075	48,289	18,421	47,778	57,535	8,664	48,666	57,328	2
Pesticide Regulation Fund, Dept of	15,445	74,601	74,537	15,509	77,430	78,463	14,476	78,863	81,557	11,782
Pharmacy Board Contingent Fund	13,823	12,703	12,969	13,557	11,953	14,905	10,605	11,945	15,909	6,641
Physical Therapy Fund	2,420	1,746	3,254	912	3,249	3,208	953	3,247	3,175	1,025
Physician Assistant Fund	2,195	-133	1,089	973	1,438	1,420	991	1,508	1,391	1,108
Physician Svc Acct, Cig & Tob Pr Surtax	2,671	-1,246	105	1,320	103	105	1,318	-1,207	105	6
Pierce's Disease Management Account	16,030	1,902	4,867	13,065	2,756	6,526	9,295	2,756	3,227	8,824
Pilot Commissioners' Special Fd, Board	3,421	2,553	1,759	4,215	1,787	2,232	3,770	1,679	2,224	3,225
Podiatric Medicine Fund, Board of	857	921	919	859	891	1,178	572	890	1,404	58
Political Disclose, Actability, Trans, Acs	-	-	-	-	-	-	-	200	81	119
Pressure Vessel Account	46	3,993	3,674	365	4,681	4,997	49	5,406	5,113	342
Private Hospital Supplemental Fund	67,723	-23,972	6,325	37,426	-11,415	999	25,012	-2,574	-	22,438
Private Investigator Fund	1,700	-722	591	387	724	650	461	715	654	522
Private Postsecondary Education Admin Fd	6,473	7,696	5,835	8,334	10,926	8,211	11,049	11,001	8,753	13,297
Private Security Services Fund	9,721	7,033	10,345	6,409	10,035	11,219	5,225	10,266	12,084	3,407
Professional Engineer & Land Surveyor Fd	5,978	5,087	10,368	697	8,884	9,293	288	11,950	9,911	2,327
Professional Fiduciary Fund	58	420	241	237	491	406	322	568	442	448
Professional Forester Registration Fund	549	82	169	462	119	229	352	119	227	244
Property Acquisition Law Money Account	2,284	3,536	4,731	1,089	2,970	3,085	974	3,225	3,097	1,102
Protective Services Growth Special Acct	-	-	-	-	157,122	157,122	-	137,398	137,398	-
Protective Services Subaccount	-	-	-	-	1,640,400	1,640,400	-	1,817,891	1,817,891	-
Psychiatric Technicians Account	1,978	1,730	1,803	1,905	1,722	2,162	1,465	1,721	2,111	1,075
Psychology Fund	4,165	3,612	3,157	4,620	3,592	4,418	3,794	3,661	4,492	2,963
Pub Sch Ping Desgn & Constr Rev Revlv Fd	12,110	44,978	42,637	14,451	38,224	47,245	5,430	48,966	46,465	7,931
Publ Utilities Comm Utilities Reimb Acct	21,718	84,948	84,074	22,592	93,678	89,120	27,150	118,440	89,607	55,983
Public Beach Restoration Fund	253	1,140	1,140	253	350	350	253	-	-	253

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Public Hospital Invest Improve Incentive	-3,077	459,547	456,469	1	786,032	786,032	1	817,500	817,500	1
Public Int Res, Dev & Demonstratin Progm	96,196	26,188	48,139	74,245	-9,650	32,007	32,588	-9,800	7,441	15,347
Public Res Acct, Cig & Tob Pr Surtax	2,141	13,737	13,550	2,328	13,124	13,128	2,324	9,637	11,209	752
Public Rights Law Enforcement Special Fd	5,675	185	1,514	4,346	3,708	5,779	2,275	3,604	5,749	130
Public Transportation Account, STF	247,469	622,513	641,845	228,137	661,810	761,311	128,636	663,544	753,330	38,850
Public Util Comm Transport Reimb Acct	3,955	11,777	10,087	5,645	10,746	11,142	5,249	10,746	11,583	4,412
Public Works Enforcement Fund, State	168	2,449	611	2,006	1,003	2,100	909	6,000	5,720	1,189
PET Processing Fee Acct, Bev Cont Rec Fd	5,257	22,035	22,002	5,290	10,741	7,331	8,700	35,997	33,047	11,650
PUC Ratepayer Advocate Account	4,645	23,268	23,132	4,781	23,909	23,173	5,517	24,413	24,483	5,447
Radiation Control Fund	9,146	20,459	21,642	7,963	22,241	23,099	7,105	22,241	22,656	6,690
Rail Accident Prevention & Response Fund	13	-	-	13	-	-	13	-	-	13
Real Estate Appraisers Regulation Fund	6,046	2,927	4,831	4,142	2,662	5,003	1,801	10,558	5,384	6,975
Real Estate Fund	30,383	43,054	46,611	26,826	43,462	46,495	23,793	44,547	47,581	20,759
Recreational Health Fund	255	242	59	438	-341	1	96	-	-	96
Recycling Market Development Rev Loan	10,745	1,233	1,856	10,122	1,207	7,251	4,078	1,326	4,021	1,383
Reg Environmental Health Specialist Fd	633	301	396	538	319	343	514	319	348	485
Registered Nurse Education Fund	2,814	1,863	2,093	2,584	1,920	2,435	2,069	1,920	2,190	1,799
Registered Nursing Fund, Board of	13,347	20,863	27,214	6,996	29,838	29,277	7,557	30,439	29,641	8,355
Registry of Charitable Trusts Fund	4,053	770	2,773	2,050	3,644	3,008	2,686	3,645	3,128	3,203
Removal & Remedial Action Acct	6,373	1,195	1,355	6,213	3,860	3,368	6,705	3,860	3,353	7,212
Renewable Energy Resources Dev Trust Fnd	5,993	12	4,991	1,014	5,002	-	6,016	-4,988	-	1,028
Renewable Resource Trust Fund	113,930	37,707	64,534	87,103	66,100	94,036	59,167	31,213	60,922	29,458
Research & Devel Acct, Child & Fam Trust	17,831	14,081	19,528	12,384	13,512	13,512	12,384	13,049	13,049	12,384
Research Acct, Cig & Tob Pr Surtax	10,502	16,406	24,998	1,910	15,476	15,763	1,623	15,065	15,853	835
Residential & Outpatient Prog Lic Fund	2,567	3,826	4,184	2,209	3,187	4,515	881	3,780	4,532	129
Resources License Plate Fund	763	-	-	763	-	-	763	-	-	763
Respiratory Care Fund	2,213	2,659	2,471	2,401	2,698	3,144	1,955	2,723	3,217	1,461
Responsibility Area Fire Prevention Fund	-	88,914	50,000	38,914	88,914	56,901	70,927	90,755	72,682	89,000
Restitution Fund	63,744	108,901	103,389	69,256	106,498	120,498	55,256	105,198	120,483	39,971
Retail Food Safety and Defense Fund	-1	11	2	8	-	-	8	-	-	8
Rigid Container Account	243	-	31	212	162	163	211	162	163	210
Rural CUPA Reimbursement Account	1,461	-1,300	-54	215	-	-	215	1,300	-	1,515
Safe Drinking Water and Toxic Enforcement	5,593	2,559	4,029	4,123	1,530	2,249	3,404	1,530	2,170	2,764
Safe Drinking Water Account	7,529	13,476	13,267	7,738	13,892	13,133	8,497	14,456	13,842	9,111
Sale of Tobacco to Minors Control Acct	2,630	209	506	2,333	207	478	2,062	207	772	1,497
Salmon & Steelhead Trout Restoration Acc	154	-	-	154	-	-	154	-	-	154
San Fran Bay Area Conservancy Prog Acct	475	2	434	43	3	-	46	-	-	46
San Joaquin River Conservancy Fund	903	304	104	1,103	300	126	1,277	300	123	1,454
Satellite Wagering Account	156	1	13	144	-	144	-	-	-	-
Schl Dist Acct, Udrgrd Strg Trk Clnp Fnd	6,571	10,043	10,000	6,614	30	-	6,644	10	-	6,654
School Building Lease-Purchase Fund,St	3,759	-	3,651	108	-	108	-	-	-	-
School Facilities Emergency Repair Acct	14,353	-	11,415	2,938	-	2,938	-	-	-	-
School Fund, State	4,937	93,347	79,778	18,506	93,347	93,347	18,506	93,347	93,347	18,506
School Land Bank Fund	1,930	7	212	1,725	8,014	971	8,768	10	1,009	7,769
Secondhand Dealer and Pawnbroker Fund	-	-	-	-	1,382	-	1,382	720	-	2,102

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Self-Insurance Plans Fund	4,963	2,351	3,376	3,938	2,220	3,796	2,362	2,220	3,916	666
Senate Operating Fund	9	-	-	9	-	-	9	-	-	9
Sexual Habitual Offender, DOJ	2,060	1,833	1,941	1,952	2,067	2,259	1,760	2,067	2,373	1,454
Sexual Predator Public Information Act	390	149	81	458	135	182	411	135	184	362
Site Operation and Maintenance Account	712	119	223	608	199	416	391	226	412	205
Site Remediation Account	17,387	9,123	10,369	16,141	10,735	26,755	121	10,736	10,797	60
Skilled Nursing Facility Quality & Acctnt	1,262	6	-448	1,716	202	1,900	18	202	-2,764	2,984
Social Services Subaccount, Sales Tx Acc	-	1,441,436	1,441,436	-	1,669,073	1,669,073	-	1,707,576	1,707,576	-
Soil Conservation Fund	307	2,387	979	1,715	2,502	1,367	2,850	1,502	1,793	2,559
Solid Waste Disposal Site Cleanup Tr Fd	3,433	5,068	2,664	5,837	5,047	5,610	5,274	5,047	5,624	4,697
Special Account for Capital Outlay	93	-	-	93	-93	-	-	-	-	-
Specialized License Plate Fund	-	-	-	-	120	-	120	382	477	25
Speech-Language Pathology Audio Hearing	1,161	463	766	858	1,475	1,893	440	1,774	1,909	305
State Court Facilities Construction Fund	420,279	-285,708	64,342	70,229	71,735	63,852	78,112	119,556	68,728	128,940
State Parks Revenue Incentive Subaccount	-	-	-	-	15,340	15,340	-	15,340	15,340	-
State Trial Ct Improvement & Modern Fund	38,944	41,008	39,705	40,247	14,055	24,680	29,622	12,803	42,326	99
Strong-Motion Instrument & Seismic Mapping	8,951	4,688	5,707	7,932	5,390	6,191	7,131	5,890	9,358	3,663
Structural Pest Cntrl Educ&Enforcemnt Fd	571	392	385	578	322	393	507	322	395	434
Structural Pest Control Fund	806	3,912	3,704	1,014	4,035	4,252	797	4,035	4,522	310
Structural Pest Control Research Fund	50	133	-	183	122	3	302	122	3	421
Substance Abuse Treatment Trust Fund	240	-	-	240	-	-	240	-	-	240
Surface Impoundment Assessment Account	1	-	-	1	-	-	1	-	-	1
Surface Mining and Reclamation Account	1,685	2,000	1,929	1,756	2,001	2,227	1,530	2,001	2,466	1,065
Tax Credit Allocation Fee Account	16,304	-8,251	2,133	5,920	4,884	2,330	8,474	5,028	2,445	11,057
Teacher Credentials Fund	1,820	13,566	14,798	588	15,243	14,540	1,291	14,975	15,134	1,132
Technical Assistance Fund	40	22,134	20,100	2,074	21,589	22,086	1,577	21,589	22,086	1,080
Teleconnect Fd Admin Comm Fd, Cal	-24,765	57,868	75,090	-41,987	120,503	77,737	779	92,343	92,852	270
Telephone Medical Advice Services Fund	689	145	147	687	236	154	769	120	174	715
Test Development and Admin Acct, Tc Fd	6,882	2,251	4,670	4,463	4,699	4,177	4,985	4,465	4,188	5,262
Timber Regulation & Forest Restore Fund	-	-	-	-	13,500	11,767	1,733	27,000	26,706	2,027
Tire Recycling Management Fund, Calif	47,416	28,310	36,824	38,902	27,846	31,550	35,198	28,776	31,929	32,045
Tissue Bank License Fund	1,784	623	418	1,989	613	510	2,092	618	526	2,184
Tobacco Settlement Fund	2,273	-	-	2,273	-	-	2,273	-	-	2,273
Toxic Substances Control Account	37,151	44,418	50,984	30,585	43,573	47,386	26,772	45,460	43,681	28,551
Traffic Congestion Relief Fund	2,723	228,937	226,781	4,879	133,416	108,581	29,714	131,362	145,938	15,138
Transcript Reimbursement Fund	289	251	257	283	301	317	267	301	314	254
Transportation Debt Service Fund	-	755,153	755,153	-	658,734	658,734	-	974,353	974,353	-
Transportation Deferred Investment Fund	8,800	-48,416	-52,690	13,074	-68,416	-59,416	4,074	-56,416	-59,416	7,074
Transportation Investment Fund	107,545	-123	98,181	9,241	55,000	55,300	8,941	35,000	32,300	11,641
Transportation Rate Fund	51	2,035	1,726	360	2,421	2,074	707	2,421	2,791	337
Trauma Care Fund	53	-	-	53	-	-	53	-	-	53
Traumatic Brain Injury Fund	575	960	1,062	473	849	1,138	184	823	1,007	-
Travel Seller Fund	2,083	671	858	1,896	682	1,398	1,180	679	1,430	429
Trial Court Security Account, LRF 2011	-	446,902	446,902	-	-	-	-	-	-	-
Trial Court Security Growth Spec Account	-	-	-	-	10,314	10,314	-	11,969	11,969	-

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Trial Court Security Subaccount	-	-	-	-	496,429	496,429	-	506,743	506,743	-
Trial Court Trust Fund	115,010	1,616,112	1,625,587	105,535	1,522,395	1,569,212	58,718	1,461,766	1,512,403	8,081
Umbilical Cord Blood Collection Program	1,875	2,370	4,245	-	2,500	2,500	-	2,500	2,500	-
Unallocated Acct, Cig & Tob Pr Surtax	10,911	45,346	48,945	7,312	48,118	49,388	6,042	44,731	48,234	2,539
Unallocated Acct, Child & Families Trust	5,425	9,361	4,144	10,642	9,015	9,015	10,642	8,706	8,706	10,642
Underground Storage Tank Cleanup Fund	117,357	307,599	319,682	105,274	304,509	335,376	74,407	256,481	286,847	44,041
Underground Storage Tank Fund	115	-	-	115	-	-	115	-	-	115
Underground Storage Tank Tester Account	139	18	40	117	20	62	75	23	64	34
Undistributed Account, LRF 2011	-	1,452,334	1,452,334	-	-	-	-	-	-	-
Undgrmd Strg Tnk Prrm Cnt Orphn St Clin	31,242	122	10,053	21,311	122	-	21,433	75	-	21,508
Unfair Competition Law Fund	1,431	50,757	48,611	3,577	49,948	10,407	43,118	8,927	10,891	41,154
Unified Program Account	11,290	-1,927	6,901	2,402	15,001	12,957	4,446	6,301	7,719	3,028
Universal Lifeline Telpne Svc Trst Admin	119,820	232,126	261,348	90,598	178,152	264,574	4,176	350,059	284,381	69,854
Unlawful Sales Reduction Fund	94	-	-	94	1	-	95	1	-	96
Upper Newport Bay Ecological Maint&Presv	17	-	-	17	-	17	-	-	-	-
Used Oil Recycling Fund, California	9,584	26,197	22,947	12,834	28,222	30,689	10,367	27,044	31,926	5,485
Vectorborne Disease Account	259	111	84	286	121	123	284	121	132	273
Vehicle Inspection and Repair Fund	62,414	118,983	116,123	65,274	119,557	121,610	63,221	120,763	130,040	53,944
Vehicle License Collection Acct, LRF	-	14,000	14,000	-	14,000	14,000	-	14,000	14,000	-
Vehicle License Fee Account	-	1,369,449	1,369,449	-	1,441,595	1,441,595	-	1,441,595	1,441,595	-
Vehicle License Fee Growth Account	-	111,922	111,922	-	-	-	-	22,146	22,146	-
Veterans Cemetery Master Devl Fund, NoCA	351	-	219	132	-	-	132	-	-	132
Veterans Cemetery Perpetual Maint Fd	203	66	80	189	77	80	186	82	80	188
Veterans Service Office Fund	834	759	986	607	833	1,099	341	857	806	392
Veterinary Medical Board Contingent Fund	1,962	2,955	2,597	2,320	2,912	2,812	2,420	2,996	2,959	2,457
Victim - Witness Assistance Fund	18,574	4,140	16,430	6,284	15,257	18,664	2,877	15,815	18,677	15
Victims of Corporate Fraud Compensation	4,574	1,681	2,957	3,298	1,641	1,607	3,332	1,641	1,530	3,443
Vietnam Veterans Memorial Account	2	6	-	8	-	-	8	-	-	8
Vocational Nurse Education Fund	632	198	200	630	200	253	577	200	232	545
Vocational Nursing & Psychiatric Tech Fd	8,611	9,901	9,534	8,978	9,806	10,204	8,580	9,804	10,056	8,328
Waste Discharge Permit Fund	8,861	99,711	102,169	6,403	99,321	101,960	3,764	105,874	107,458	2,180
Wastewater Operator Certification Fund	697	732	625	804	822	664	962	1,510	1,279	1,193
Water Device Certification Special Acct	795	178	125	848	197	379	666	200	406	460
Water Fund, California	39	-	-	39	-	-	39	-	-	39
Water Rights Fund	7,625	14,927	16,398	6,154	15,544	18,673	3,025	15,544	17,342	1,227
Waterfowl Habitat Preservation Acct, Cal	2,448	9	27	2,430	9	246	2,193	8	245	1,956
Welcome Center Fund	51	100	84	67	105	105	67	105	104	68
Wildlife Restoration Fund	8,606	363	1,565	7,404	1,770	2,681	6,493	2,270	2,748	6,015
Wine Safety Fund	164	-	4	160	-	-	160	-	-	160
Winter Recreation Fund	559	117	301	375	230	347	258	230	347	141
Women & Children's Resl Treat Svcs Acct	-	-	-	-	5,104	5,104	-	5,104	5,104	-
Women and Children's Residential Tretmnt	-	5,104	5,104	-	-	-	-	-	-	-
Workers' Comp Administration Revolv Fund	163,829	130,375	156,085	138,119	197,761	165,181	170,699	295,811	310,221	156,289
Workers' Compensation Managed Care Fund	613	7	21	599	7	78	528	7	80	455
Workers' Occupational Sfty & Health Ed	275	856	755	376	800	778	398	800	1,139	59

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2011	Actual Revenues 2011-12	Actual Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013	Estimated Revenues 2013-14	Estimated Expenditures 2013-14	Reserves June 30, 2014
Wtr Pltn Cntrl Rvl Fnd Smll Cmty Cmt Fd	5,127	6,357	1,000	10,484	6,968	12,000	5,452	6,631	8,000	4,083
Yosemite Foundation Acct, ELPF	5	876	867	14	900	840	74	900	840	134
Youth Offender Block Grant Special Acct	-	-	-	-	93,351	93,351	-	103,096	103,096	-
Youth Pilot Program Fund	40	-	-	40	-	-	40	-	-	40
Youthful Offender Block Grant Fund	643	-	-	643	-643	-	-	-	-	-
Youthful Offender Block Grant, JJA	-	93,448	93,448	-	-	-	-	-	-	-
Totals, Special Funds	\$8,633,649	\$32,006,023	\$33,853,289	\$6,786,383	\$39,007,531	\$39,648,338	\$6,145,576	\$40,173,951	\$40,927,826	\$5,391,701
GRAND TOTALS	\$6,351,338	\$119,076,810	\$120,256,792	\$5,171,356	\$134,401,773	\$132,642,174	\$6,930,955	\$138,674,564	\$138,578,070	\$7,027,449

SCHEDULE 11
STATEMENT OF GENERAL OBLIGATION BOND & COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA
(Dollars in Thousands)

(This statement does not include bonds issued under authority of state instrumentalities that are not general obligations of the State of California)

Fund	Bond Act	Final Maturity	General Obligation Bonds					Commercial Paper		
			As of December 31, 2012		Proposed Sales		As of December 31, 2012	Total		
			Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2013		Jul-Dec 2013	Finance Cmte. Authorization
6032	LEGISLATIVE, JUDICIAL, EXECUTIVE Voting Modernization (2002)	2018	\$200,000	\$64,495	\$62,325	\$73,180	\$0	\$0	\$64,495	\$0
	Total Legislative, Judicial, Executive		\$200,000	\$64,495	\$62,325	\$73,180	\$0	\$0	\$64,495	\$0
0703	BUSINESS, TRANSPORTATION & HOUSING Clean Air & Transp Improv (1990)	2040	\$1,990,000	\$17,570	\$903,645	\$1,068,785	\$13,821	\$2,449	\$1,940	\$0
0714	Housing & Homeless (1990)	2023	150,000	-	1,940	148,060	-	-	-	-
6037	Housing and Emergency Shelter (2002)	2040	2,100,000	132,535	1,491,550	475,915	-	-	132,535	-
6066	Housing and Emergency Shelter (2006)	2040	2,850,000	1,258,990	1,543,280	47,730	-	-	1,258,990	-
6053	Highway Safe, Traffic Red, Air Qual, Port Sec (2006)	2042	19,925,000	10,281,720	9,481,805	161,475	1,815,274	1,520,815	730,570	6,500
0756	Passenger Rail & Clean Air (1990)	2022	1,000,000	-	92,610	907,390	-	-	-	-
6043	Safe, Reliable High-Speed Passenger Train Bond Act (2008)	2040	9,950,000	9,448,725	499,285	1,990	-	-	38,775	-
0653	Seismic Retrofit (1996)	2039	2,000,000	-	1,321,120	678,880	-	-	-	-
	Total, Business, Transportation & Housing		\$39,965,000	\$21,139,540	\$15,335,235	\$3,490,225	\$1,829,095	\$1,523,264	\$2,162,810	\$6,500
0722	NATURAL RESOURCES Ca Park & Recreational Facil (1984) '	2027	\$368,900	\$0	\$15,125	\$353,775	\$0	\$0	\$0	\$0
0721	Ca Parklands (1980)	2024	285,000	-	3,270	281,730	-	-	-	-
0707	Ca Safe Drinking Water (1976) '	2027	172,500	-	3,560	168,940	-	-	-	-
0707	Ca Safe Drinking Water (1984)	2027	75,000	-	2,255	72,745	-	-	-	-
0707	Ca Safe Drinking Water (1986)	2030	100,000	-	27,695	72,305	-	-	-	-
0793	Ca Safe Drinking Water (1988)	2040	75,000	-	32,450	42,550	-	-	-	-
6001	Ca Safe Drinking Water (2000)	2040	1,970,000	135,844	1,543,115	291,041	-	-	135,844	-
6051	Ca Safe Drinking Water (2006)	2040	5,388,000	2,957,710	2,417,410	12,880	-	120,569	950,000	-
0786	Ca Wildlife, Coast, & Park Land Cons (1988) '	2032	768,670	-	140,210	628,460	-	-	-	-
0740	Clean Water (1984)	2024	325,000	-	13,500	311,500	-	-	-	-
6029	Clean Water, Clean Air, and Parks (2002)	2040	2,600,000	259,240	2,243,445	97,315	-	1,200	240,423	-
0716	Community Parklands (1986)	2022	100,000	-	3,475	96,525	-	-	-	-
6052	Disaster Prep and Flood Prevent (2006)	2041	4,090,000	1,818,652	2,252,925	18,423	-	-	655,227	-
0748	Fish & Wildlife Habitat Enhance (1984)	2033	85,000	-	5,830	79,170	-	-	-	-
0720	Lake Tahoe Acquisitions (1982)	2017	95,000	-	450	84,550	-	-	-	-
0402	Safe, Clean, Reliable Water Supply (1996)	2040	995,000	89,070	674,855	231,075	-	-	89,070	-
0005	Safe Neighborhood Parks (2000)	2040	2,100,000	85,815	1,653,450	360,735	-	-	42,060	-
0742	State, Urban & Coastal Park (1976)	2029	280,000	-	4,805	275,195	-	-	-	-
0744	Water Conserv & Water Quality (1986)	2031	130,000	13,730	39,745	96,525	-	-	13,730	-
0790	Water Conserv (1988)	2036	60,000	5,235	26,550	28,215	-	-	5,235	-
	Total, Natural Resources		\$20,073,070	\$5,365,296	\$11,104,120	\$3,603,654	\$0	\$121,769	\$2,131,589	\$0
0737	ENVIRONMENTAL PROTECTION Clean Water & Water Conserv (1978)	2028	\$375,000	\$0	\$5,400	\$369,600	\$0	\$0	\$0	\$0
0764	Clean Water & Water Reclam (1988)	2029	65,000	-	25,495	39,505	-	-	-	-
6031	Water Security, Coastal & Beach Protection (2002)	2040	3,440,000	586,909	2,698,095	154,996	30,958	32,340	285,999	10,130
	Total, Environmental Protection		\$3,880,000	\$586,909	\$2,728,990	\$564,101	\$30,958	\$32,340	\$285,999	\$10,130
6046	HEALTH AND HUMAN SERVICES Children's Hospital Projects (2004)	2040	\$750,000	\$47,445	\$670,325	\$32,230	\$0	\$0	\$47,445	\$0
6079	Children's Hospital Projects (2008)	2040	980,000	449,240	528,865	1,895	-	51,070	113,890	-
	Total, Health and Human Services		\$1,730,000	\$496,685	\$1,199,190	\$34,125	\$0	\$51,070	\$161,335	\$0
0711	YOUTH AND ADULT CORRECTIONAL Co Corr Facil Cap Expend (1986)	2022	\$495,000	\$0	\$20,055	\$474,945	\$0	\$0	\$0	\$0
0796	Co Corr Facil Cap Expend & Youth Facil (1988)	2030	500,000	-	91,940	408,060	-	-	-	-
0746	New Prison Construction (1986)	2034	500,000	-	8,270	491,730	-	-	-	-
0747	New Prison Construction (1988)	2030	817,000	2,165	27,380	787,455	-	-	2,165	-
0751	New Prison Construction (1990)	2029	450,000	605	36,885	412,510	-	-	307	-
	Total, Youth and Adult Correctional		\$2,762,000	\$2,770	\$184,530	\$2,574,700	\$0	\$0	\$2,472	\$0

SCHEDULE 11
STATEMENT OF GENERAL OBLIGATION BOND & COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA
(Dollars in Thousands)

(This statement does not include bonds issued under authority of state instrumentalities that are not general obligations of the State of California)

General Obligation Bonds											Commercial Paper	
Fund	Bond Act	Final Maturity	As of December 31, 2012				Proposed Sales		As of December 31, 2012			
			Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2013	Jul-Dec 2013	Finance Cmte. Authorization	Total Outstanding		
EDUCATION--K-12												
0794	Ca Library Constr & Renov (1988) ¹	2031	\$72,405	\$0	\$15,695	\$56,710	\$0	\$0	\$0	\$0		
6000	Ca Library Constr & Renov (2000)	2035	350,000	5,040	283,295	61,665	-	-	5,040	-		
0119	Class Size Reduction K-U Pub. Ed. Facil (1998) K-12	2034	6,700,000	11,860	4,524,555	2,163,585	8,668	777	11,860	-		
0657	Public Education Facil (1996) K-12 ²	2035	2,012,035	-	1,072,795	939,240	-	-	-	-		
6036	Public Education Facil (2002) K-12	2042	11,400,000	71,900	9,933,765	1,394,335	71,900	-	71,900	-		
6044	Public Education Facil (2004) K-12	2042	10,000,000	524,870	8,892,580	582,550	417,805	37,476	524,870	-		
6057	Public Education Facil (2006) K-12	2042	7,329,000	1,541,185	5,776,375	11,440	1,235,259	117,247	1,521,185	-		
0739	School Bldg & Earthquake (1974)	2026	40,000	-	18,640	21,360	-	-	-	-		
0708	School Facilities (1990)	2033	800,000	-	182,295	617,705	-	-	-	-		
0745	School Facilities (1992)	2036	1,900,000	-	674,280	1,215,440	-	-	10,280	-		
0776	1988 School Facil Bond Act (Nov) ¹	2033	797,745	10,280	49,615	748,130	-	-	-	-		
0774	1990 School Facil Bond Act (Jun) ¹	2033	797,875	-	114,155	683,720	-	-	-	-		
0765	1992 School Facil Bond Act (Nov) ¹	2035	898,211	-	320,535	577,676	-	-	-	-		
Total, Education--K-12			\$43,097,271	\$2,165,135	\$31,858,580	\$9,073,556	\$1,733,632	\$155,500	\$2,145,135	\$0		
HIGHER EDUCATION												
0574	Class Size Reduction K-U Pub. Ed. Facil (1998) HI-Ed	2039	\$2,500,000	\$0	\$1,913,385	\$586,615	\$0	\$0	\$0	\$0		
0785	Higher Education Facil (1988)	2033	600,000	-	28,875	571,125	-	-	-	-		
0791	Higher Education Facil (Jun 1990)	2040	450,000	540	59,365	390,095	-	-	540	-		
0705	Higher Education Facil (Jun 1992)	2040	900,000	105	379,610	520,285	-	-	105	-		
0658	Public Education Facil (1996) HI-Ed	2033	975,000	14,720	573,155	387,125	-	-	14,720	-		
6028	Public Education Facil (2002) HI-Ed	2039	1,650,000	-	1,496,575	153,425	-	-	-	-		
6041	Public Education Facil (2004) HI-Ed	2040	2,300,000	64,779	2,112,590	122,631	-	-	64,779	-		
6048	Public Education Facil (2006) HI-Ed	2042	3,087,000	289,505	2,785,505	11,990	4,247	-	289,505	50,000		
6047	Stem Cell Research and Cures (2004)	2039	3,000,000	1,873,475	1,120,305	6,220	150,000	144,000	249,175	91,000		
Total, Higher Education			\$15,462,000	\$2,243,124	\$10,469,365	\$2,749,511	\$154,247	\$144,000	\$618,824	\$141,000		
GENERAL GOVERNMENT												
0768	Earthquake Safety & Public Bldg. Rehab (1990)	2029	\$300,000	\$9,765	\$130,985	\$159,250	\$0	\$0	\$9,765	\$0		
0701	Veterans' Homes (2000)	2039	50,000	975	39,190	9,835	-	-	975	-		
Total, General Government			\$350,000	\$10,740	\$170,175	\$169,085	\$0	\$0	\$10,740	\$0		
Total, All Agencies			\$127,519,341	\$32,074,694	\$73,112,510	\$22,332,137	\$3,747,932	\$2,027,943	\$7,583,399	\$157,630		
SELF-LIQUIDATING BONDS ²												
	Ca Water Resources Dev (1959)	2024	\$1,750,000	\$167,600	\$326,990	\$1,255,410	\$0	\$0	\$0	\$0		
	The Economic Recovery Bond Act	2023	15,000,000	-	5,455,690	9,544,310	-	-	-	-		
	Veterans Bonds	2042	3,560,000	1,138,610	698,820	1,722,570	-	-	238,610	-		
Total, Self-Liquidating Bonds			\$20,310,000	\$1,306,210	\$6,481,500	\$12,522,290	\$0	\$0	\$238,610	\$0		
Total			\$147,829,341	\$33,380,904	\$79,594,010	\$34,854,427	\$3,747,932	\$2,027,943	\$7,822,009	\$157,630		

¹ SB 1018 (06/27/2012) reduced the voter authorized amount

² The California Water Resource Development Bond Act, The Economic Recovery Bond Act, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.
Source: State Treasurer's Office

SCHEDULE 12A
STATE APPROPRIATIONS LIMIT SUMMARY
(Dollars in Millions)

	2011-12			2012-13			2013-14		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Schedule 8									
Revenues and Transfers	\$87,071	\$32,006	\$119,077	\$95,394	\$39,008	\$134,402	\$98,501	\$40,174	\$138,675
Less/Add: Transfers	-1,509	1,197	-\$312	-1,800	1,347	-\$453	23	134	\$157
Schedule 12B									
Less: Revenues to Excluded Funds	-	-10,435	-\$10,435	-	-16,684	-\$16,684	-	-15,463	-15,463
Schedule 12C									
Less: Non-Tax Revenues to Included Funds	-2,387	475	-\$2,862	-2,151	-584	-\$2,735	-1,700	-615	-2,315
Schedule 12D									
Add: Transfers from Other Funds to Included Funds	98	-80	\$18	319	-165	\$154	237	-174	63
TOTAL, SAL REVENUES AND TRANSFERS	\$83,273	\$22,213	\$105,486	\$91,762	\$22,922	\$114,684	\$97,061	\$24,056	\$121,117
Schedule 12E									
Less: Exclusions	-37,274	-6,087	-43,361	-30,994	-13,842	-44,836	-35,141	-12,875	-48,016
TOTAL, SAL APPROPRIATIONS			\$62,125			\$69,848			\$73,101
CALCULATION OF LIMIT ROOM									
Appropriations Limit (Sec. 12.00)			\$81,726			\$84,221			\$89,700
Less: Total SAL Appropriations			62,125			69,848			73,101
Appropriation Limit Room/(Surplus)			\$19,601			\$14,373			\$16,599

SCHEDULE 12B
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

Source Code	Source	Actual 2011-12	Estimated 2012-13	Proposed 2013-14
MAJOR REVENUES:				
110500	Cigarette Tax	\$781,837	\$753,000	\$730,000
110900	Horse Racing Fees-Licenses	14,688	12,590	12,638
114300	Other Motor Vehicle Fees	126,663	125,768	126,083
114400	Identification Card Fees	455	455	455
115400	Mobilehome In-Lieu Tax	2,398	2,388	2,388
TOTAL, MAJOR TAXES AND LICENSES		\$926,041	\$894,201	\$871,564
MINOR REVENUES:				
REGULATORY TAXES AND LICENSES:				
120200	General Fish and Game Taxes	1,155	1,181	1,214
120300	Energy Resource Surcharge	646,500	673,104	858,076
120600	Quarterly Public Utility Commission Fees	119,859	129,057	129,057
120700	Penalties on Pub Util Comm Qtrly Fees	2	-	-
120900	Off-Highway Vehicle Fees	18,031	17,000	17,000
121000	Liquor License Fees	52,786	53,842	54,919
121100	Genetic Disease Testing Fees	112,298	114,730	119,529
121200	Other Regulatory Taxes	83,284	95,451	101,347
121300	New Motor Vehicle Dealer License Fee	1,056	1,487	1,622
121500	General Fish and Game Lic Tags Permits	97,685	102,529	105,938
121600	Duck Stamps	11	-	11
122400	Elevator and Boiler Inspection Fees	28,047	28,150	28,860
122700	Employment Agency License Fees	4,464	4,458	4,458
122900	Teacher Credential Fees	12,001	15,177	14,711
123000	Teacher Examination Fees	3,732	4,692	4,462
123100	Insurance Co License Fees & Penalties	37,624	39,258	44,169
123200	Insurance Company Examination Fees	20,443	20,011	20,112
123400	Real Estate Examination Fees	2,636	2,540	2,540
123500	Real Estate License Fees	36,615	31,864	33,106
123600	Subdivision Filing Fees	4,374	4,502	4,720
123800	Building Construction Filing Fees	5,718	4,962	4,474
124100	Domestic Corporation Fees	8,281	7,453	7,453
124200	Foreign Corporation Fees	1,052	947	947
124300	Notary Public License Fees	892	892	892
124400	Filing Financing Statements	2,217	2,217	2,217
125100	Beverage Container Redemption Fees	1,152,469	1,151,635	1,150,635
125200	Explosive Permit Fees	1	18	18
125300	Processing Fees	325	262	325
125400	Environmental and Hazardous Waste Fees	33,232	33,108	32,544
125600	Other Regulatory Fees	1,882,553	7,502,978	5,919,175
125700	Other Regulatory Licenses and Permits	460,002	459,974	475,873
125800	Renewal Fees	244,206	241,753	244,176
125900	Delinquent Fees	6,792	6,180	6,147
127100	Insurance Department Fees, Prop 103	23,791	27,233	28,612
127200	Insurance Department Fees, General	19,879	19,642	29,463
127300	Insurance Fraud Assessment, Workers Comp	47,163	49,562	49,629
127400	Insurance Fraud Assessment, Auto	47,249	48,195	49,400
127500	Insurance Fraud Assessment, General	6,132	8,790	13,653
TOTAL, REGULATORY TAXES AND LICENSES		\$5,224,557	\$10,904,834	\$9,561,484
REVENUE FROM LOCAL AGENCIES:				
130600	Architecture Public Building Fees	34,074	32,691	32,691
130700	Penalties on Traffic Violations	77,431	74,903	72,595
130800	Penalties on Felony Convictions	53,381	57,001	57,001
130900	Fines-Crimes of Public Offense	12,372	6,000	6,000
131000	Fish and Game Violation Fines	1,429	1,005	838
131100	Penalty Assessments on Fish & Game Fines	626	609	565
131300	Add'l Assmnts on Fish & Game Fines	66	66	64
131600	Fingerprint ID Card Fees	64,643	69,995	69,995
131700	Misc Revenue From Local Agencies	1,075,798	1,421,708	1,461,290
TOTAL, REVENUE FROM LOCAL AGENCIES		\$1,319,820	\$1,663,978	\$1,701,039
SERVICES TO THE PUBLIC:				
140600	State Beach and Park Service Fees	92,413	85,000	85,000
140900	Parking Lot Revenues	8,501	8,386	8,401
141100	Emergency Telephone Users Surcharge	83,320	80,700	78,100
141200	Sales of Documents	1,064	1,031	1,031

SCHEDULE 12B -- Continued
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

Source Code	Source	Actual 2011-12	Estimated 2012-13	Proposed 2013-14
142000	General Fees--Secretary of State	26,128	26,627	26,777
142200	Parental Fees	5,155	10,140	9,553
142500	Miscellaneous Services to the Public	86,207	92,541	97,499
143000	Personalized License Plates	57,227	57,568	57,506
TOTAL, SERVICES TO THE PUBLIC		\$360,015	\$361,993	\$363,867
USE OF PROPERTY AND MONEY:				
150200	Income From Pooled Money Investments	345	342	293
150300	Income From Surplus Money Investments	19,516	129,550	81,514
150400	Interest Income From Loans	3,470	4,365	4,098
150500	Interest Income From Interfund Loans	29,308	8,855	19,620
151800	Federal Lands Royalties	95,347	95,347	95,347
152100	Geothermal Resource Well Fees	5,096	3,950	3,950
152200	Rentals of State Property	9,321	8,988	8,944
152300	Misc Revenue Frm Use of Property & Money	20,567	18,440	17,232
152400	School Lands Royalties	43	50	50
TOTAL, USE OF PROPERTY AND MONEY		\$183,013	\$269,887	\$231,048
MISCELLANEOUS:				
160100	Attorney General Proceeds of Anti-Trust	1,906	1,905	1,905
160200	Penalties & Interest on UI & DI Contrib	129,793	104,403	91,430
160400	Sale of Fixed Assets	41,903	199	46,827
160500	Sale of Confiscated Property	39	20	20
160600	Sale of State's Public Lands	-	8,004	-
161000	Escheat of Unclaimed Checks & Warrants	3,673	3,281	3,280
161400	Miscellaneous Revenue	354,120	428,921	402,610
161800	Penalties & Intrst on Personal Income Tx	18,841	14,705	14,927
161900	Other Revenue - Cost Recoveries	110,442	104,041	106,854
162000	Tribal Gaming Revenues	42,170	43,000	45,476
162100	Delinquent Receivables-Cost Recoveries	100	-	-
163000	Settlements/Judgments(not Anti-trust)	2,398	4,310	4,210
164100	Traffic Violations	31,646	32,229	31,412
164200	Parking Violations	1,262	1,060	1,060
164300	Penalty Assessments	226,878	266,040	226,539
164400	Civil & Criminal Violation Assessment	186,007	168,002	156,902
164600	Fines and Forfeitures	214,040	208,388	208,789
164700	Court Filing Fees and Surcharges	606,431	662,297	660,759
164800	Penalty Assessments on Criminal Fines	268,550	268,084	268,133
164900	Donations	745	624	720
165000	Auction Proceeds for Carbon Allowances	-	200,000	400,000
180200	Cash Adjustment for Transportation Funds	180,516	70,000	62,000
TOTAL, MISCELLANEOUS		\$2,421,460	\$2,589,513	\$2,733,853
TOTAL, MINOR REVENUES		\$9,508,865	\$15,790,205	\$14,591,291
TOTALS, Revenue to Excluded Funds				
(MAJOR and MINOR)		\$10,434,906	\$16,684,406	\$15,462,855

SCHEDULE 12C
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(Dollars In Thousands)

		Actual 2011-12		Estimated 2012-13		Proposed 2013-14	
Source Code	Source	General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
MAJOR REVENUES:							
110900	Horse Racing Fees-Licenses	\$951	-	\$1,044	\$750	\$1,044	\$750
111100	Horse Racing Fines and Penalties	156	-	146	-	146	-
111200	Horse Racing Fees-Unclaimed P-M Tickets	41	-	-	-	-	-
111300	Horse Racing Miscellaneous	2	-	10	-	10	-
114200	Driver's License Fees	-	186,947	-	270,000	-	283,500
114300	Other Motor Vehicle Fees	-	43,846	-	41,531	-	43,031
114400	Identification Card Fees	-	30,292	-	30,500	-	31,000
114500	Lien Sale Application Fees	-	1,547	-	1,563	-	1,579
Total, MAJOR TAXES AND LICENSES		\$1,150	\$262,632	\$1,200	\$344,344	\$1,200	\$359,860
MINOR REVENUES:							
REGULATORY TAXES AND LICENSES:							
120800	Hwy Carrier Uniform Business License Tax	-	-	153	-	153	-
120900	Off-Highway Vehicle Fees	-	6,231	-	6,500	-	6,500
121000	Liquor License Fees	-	383	-	386	-	390
122600	Industrial Homework Fees	1	-	-	-	-	-
122700	Employment Agency License Fees	662	-	550	-	580	-
122800	Employment Agency Filing Fees	93	-	79	-	79	-
124500	Candidate Filing Fee	795	-	18	-	1,100	-
125600	Other Regulatory Fees	524,935	6,573	552,504	20,123	53,901	33,689
125700	Other Regulatory Licenses and Permits	5,091	34,958	4,872	35,208	4,972	35,642
Total, REGULATORY TAXES AND LICENSES		\$531,577	\$48,145	\$558,176	\$62,217	\$60,785	\$76,221
REVENUE FROM LOCAL AGENCIES:							
130800	Penalties on Felony Convictions	2	-	4	-	4	-
130900	Fines-Crimes of Public Offense	60	-	60	-	64	-
131500	Narcotic Fines	1,885	-	1,000	-	1,000	-
131700	Misc Revenue From Local Agencies	241,788	433	242,234	437	210,498	437
131900	Rev Local Govt Agencies-Cost Recoveries	14,005	8,258	17,018	8,341	19,018	8,424
Total, REVENUE FROM LOCAL AGENCIES		\$257,740	\$8,691	\$260,316	\$8,778	\$230,584	\$8,861
SERVICES TO THE PUBLIC:							
140100	Pay Patients Board Charges	17,000	-	11,503	-	10,239	-
140900	Parking Lot Revenues	-	500	-	506	-	511
141200	Sales of Documents	35	3,266	58	3,630	58	3,643
142000	General Fees--Secretary of State	92	-	182	-	262	-
142500	Miscellaneous Services to the Public	2,444	68,163	2,008	69,000	2,008	69,500
142700	Medicare Receipts Frm Federal Government	18,123	-	15,966	-	15,587	-
143000	Personalized License Plates	-	6	-	6	-	6
Total, SERVICES TO THE PUBLIC		\$37,694	\$71,935	\$29,717	\$73,142	\$28,154	\$73,660
USE OF PROPERTY AND MONEY:							
152000	Oil & Gas Lease-1% Revenue City/County	793	-	750	-	750	-
152200	Rentals of State Property	20,487	39,587	21,530	42,091	21,921	42,590
152300	Misc Revenue Frm Use of Property & Money	793	692	2,249	5,062	2,249	4,972
152500	State Lands Royalties	478,525	-	324,018	-	296,697	-
Total, USE OF PROPERTY AND MONEY		\$500,598	\$40,279	\$348,547	\$47,153	\$321,617	\$47,562
MISCELLANEOUS:							
160400	Sale of Fixed Assets	5	191	-	-	-	1
160500	Sale of Confiscated Property	6,543	-	6,560	-	6,560	-
160600	Sale of State's Public Lands	-	9,092	-	13,682	-	13,436
160700	Proceeds From Estates of Deceased Person	830	-	830	-	830	-
160900	Revenue-Abandoned Property	401,257	-	307,674	-	320,530	-
161000	Escheat of Unclaimed Checks & Warrants	29,888	3,273	32,131	4,396	32,023	4,500
161400	Miscellaneous Revenue	177,639	9,056	171,664	7,710	169,120	8,318
161900	Other Revenue - Cost Recoveries	36,877	8,407	33,261	9,283	36,057	9,486
162000	Tribal Gaming Revenues	268,188	-	236,600	-	236,600	-
162100	Delinquent Receivables-Cost Recoveries	9,641	26	9,641	-	9,641	-
163000	Settlements/Judgments(not Anti-trust)	24,038	-	104,797	-	203,014	-
164000	Uninsured Motorist Fees	1,349	339	1,423	343	1,423	346
164100	Traffic Violations	-	9,901	-	10,000	-	10,100
164200	Parking Violations	15,922	-	15,922	-	15,922	-
164300	Penalty Assessments	82,553	1,894	28,968	2,575	22,118	2,575
164400	Civil & Criminal Violation Assessment	357	529	175	534	150	540
164600	Fines and Forfeitures	3,296	-	3,290	-	3,290	-

SCHEDULE 12C -- Continued
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(Dollars In Thousands)

Source Code	Source	Actual 2011-12		Estimated 2012-13		Proposed 2013-14	
		General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
164900	Donations	9	-	-	-	-	-
	Total, MISCELLANEOUS	\$1,058,392	\$42,708	\$952,936	\$48,523	\$1,057,278	\$49,302
	TOTAL, MINOR REVENUES	\$2,386,001	\$211,758	\$2,149,692	\$239,813	\$1,698,418	\$255,606
	TOTALS, Non-Tax Revenue						
	(MAJOR and MINOR)	\$2,387,151	\$474,390	\$2,150,892	\$584,157	\$1,699,618	\$615,466

SCHEDULE 12D
STATE APPROPRIATIONS LIMIT
TRANSFER FROM OTHER FUNDS TO INCLUDED FUNDS
(Dollars In Thousands)

	Actual 2011-12		Estimated 2012-13		Proposed 2013-14	
	General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
From Corporations Fund, State (0067) to General Fund (0001) per Item 1701-001-0067, Budget Act of 2013)	-	-	-	-	15,000	-
From Childhood Lead Poisoning Prevention Fund (0080) to General Fund (0001) (per Item 4265-011-0080, Budget Act 2011)	9,062	-	-	-	-	-
From Department of Agriculture Account, Ag Fd (0111) to General Fund (0001) (per Revenue and Taxation Code 8352.5(b))	-	-	38,655	-	38,655	-
From Business Fees Fund, Secty of State's (0228) to General Fund (0001) (per Government Code Section 12176)	5,124	-	9,083	-	7,314	-
From Off-Highway Vehicle Trust Fund (0263) to General Fund (0001) (per Chapters 22 & 32, Statutes of 2012)	-	-	103,767	-	-	-
From Olympic Training Account, California (0442) to General Fund (0001) (Transfer per Govt Code 7592)	128	-	92	-	92	-
From Recreational Health Fund (3157) to General Fund (0001) per Item 4265-001-3157, Budget Act of 2011)	-	-	341	-	-	-
From Environmental License Plate Fund, Calif (0140) to Motor Vehicle Account, STF (0044) (per Public Resources Code Section 21191)	-	3,890	-	1,772	-	1,802
From Site Operation and Maintenance Account (0458) to Toxic Substances Control Account (0557) (per Item 3960-011-0458, Budget Acts)	-	23	-	20	-	20
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Government Code Section 16475	24	-24	300	-300	300	-300
From Motor Vehicle Fuel Account, TTF (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.6(a)(3)	11,662	-11,662	9,996	-9,996	9,996	-9,996
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Item 2740-011-0044, Budget Acts	71,600	-71,600	65,800	-65,800	65,800	-65,800
From AIDS Vaccine Research Develop Grant Fd (0135) to General Fund (0001) per Chapter 294, Statutes of 1997	27	-27	-	-	-	-
From Motor Vehicle Fuel Account, TTF (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.4(b)	-	-	30,555	-30,555	30,555	-30,555
From Motor Vehicle Fuel Account, TTF (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.6(a)(2)	-	-	60,181	-60,181	69,201	-69,201
TOTAL TRANSFERS:	\$97,627	\$-79,400	\$318,770	\$-165,040	\$236,913	\$-174,030

**SCHEDULE 12E
STATE APPROPRIATIONS LIMIT
EXCLUDED APPROPRIATIONS
(Dollars in Millions)**

	Fund	Actual 2011-12	Estimated 2012-13	Proposed 2013-14
DEBT SERVICE:				
9600 Bond Interest and Redemption				
(9600-510-0001)	General	\$4,390	\$4,292	\$5,071
(9600-511-3107)	Special	755	659	974
(9600-511-8071)	Special	106	92	94
9618 Economic Recovery Bond Debt Service	Special	1,025	1,399	1,543
TOTAL -- DEBT SERVICE		\$6,276	\$6,442	\$7,682
QUALIFIED CAPITAL OUTLAY:				
Various (Ch. 3 Except DOT)	General	\$27	\$81	\$88
Various (Ch. 3 Except DOT)	Special	18	60	30
Various Qualified Capital Outlay	General	142	167	157
Various Qualified Capital Outlay	Special	147	98	88
Lease-Revenue Bonds (Capital Outlay)	General	662	737	830
Lease-Revenue Bonds (Capital Outlay)	Special	26	26	28
TOTAL -- CAPITAL OUTLAY		\$1,022	\$1,169	\$1,221
SUBVENTIONS:				
6110 K-12 Apportionments (6110-601-0001)	General	\$18,673	\$14,897	\$24,346
6110 K-12 Apportionments (6110-601-3207)	Special	0	6,572	5,314
6110 K-12 Supplemental Instruction (6110-104/664/657-0001)	General	336	336	0
6110 K-12 Class Size Reduction (6110-234/629/630-0001)	General	1,263	1,270	570
6110 K-12 ROCP (6110-105/618/659-0001)	General	385	385	40
6110 K-12 Apprenticeships (6110-103/635/613-0001)	General	16	16	6
6110 Charter Sch Block Grant (6110-211/621/616-0001)	General	186	292	6
State Subventions Not Counted in Schools' Limit	General	-16	-1,709	-6,778
6110 County Offices (6110-608-0001)	General	211	9	409
6110 County Offices (6110-608-3207)	Special	0	127	93
6870 Community Colleges (6870-101/103/615/616/680-0001)	General	3,342	2,699	3,474
6870 Community Colleges (6870-101-3207)	Special	0	828	668
SUBVENTIONS -- EDUCATION		\$24,396	\$25,722	\$28,148
5195 1991 State-Local Realignment				
Vehicle License Collection Account	Special	\$14	\$14	\$14
Vehicle License Fees	Special	1,479	1,439	1,461
5196 2011 State-Local Realignment				
Vehicle License Fees	Special	486	482	490
9100 Tax Relief (9100-101-0001)	General	434	430	425
9350 Shared Revenues				
(9430-640-0064)	Special	0	0	0
(9430-601-0001) Trailer VLF GF backfill (Shared Rev.)	General	21	23	23
SUBVENTIONS -- OTHER		\$2,434	\$2,388	\$2,413
COURT AND FEDERAL MANDATES:				
Various Court and Federal Mandates (HHS)	General	\$3,300	\$3,486	\$3,746
Various Court and Federal Mandates	General	3,902	3,583	2,728
Various Court and Federal Mandates	Special	216	212	216
TOTAL -- MANDATES		\$7,418	\$7,281	\$6,690
PROPOSITION 111:				
Motor Vehicle Fuel Tax: Gasoline	Special	\$1,256	\$1,272	\$1,291
Motor Vehicle Fuel Tax: Diesel	Special	247	253	258
Weight Fee Revenue	Special	312	309	313
TOTAL -- PROPOSITION 111		\$1,815	\$1,834	\$1,862
TOTAL EXCLUSIONS:		\$43,361	\$44,836	\$48,016
General Fund		\$37,274	\$30,994	\$35,141
Special Funds		\$6,087	\$13,842	\$12,875

Finance Glossary of Accounting and Budgeting Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary, and the annual Budget (Appropriations) Bill. Definitions are provided for terminology that is common to all publications. For definitions of terms unique to a specific program area, please refer to the individual budget presentation.

Abatement

A reduction to an expenditure that has already been made. In state accounting, only specific types of receipts are accounted for as abatements, including refund of overpayment of salaries, rebates from vendors or third parties for defective or returned merchandise, jury duty and witness fees, and property damage or loss recoveries. (See *SAM 10220* for more detail.)

Abolishment of Fund

The closure of a fund pursuant to the operation of law. Funds may also be administratively abolished by the Department of Finance with the concurrence of the State Controller's Office. When a special fund is abolished, all of its assets and liabilities are transferred by the State Controller's Office to a successor fund, or if no successor fund is specified, then to the General Fund. (*GC 13306, 16346.*)

Accrual Basis of Accounting

The basis of accounting in which transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenue is recorded when earned, and expenditures are recorded when obligations are created (generally when goods/services are ordered or when contracts are signed).

Administration

Refers to the Governor's Office and those individuals, departments, and offices reporting to it (e.g., the Department of Finance).

Administration Program Costs

The indirect cost of a program, typically a share of the costs of the administrative units serving the entire department (e.g., the Director's Office, Legal, Personnel, Accounting, and Business Services). "Distributed Administration" costs represent the distribution of the indirect costs to the various program activities of a department. In most departments, all administrative costs are distributed. (Also see "Indirect Costs" and "SWCAP.")

Administratively Established Positions

Positions authorized by the Department of Finance during a fiscal year that were not included in the Budget and are necessary for workload or administrative reasons. Such positions terminate at the end of the fiscal year, or, in order to continue, must meet certain criteria under Control Section 31.00. (*SAM 6406, Control Section 31.00*)

Agency

A legal or official reference to a government organization at any level in the state organizational hierarchy. (See the *UCM* for the hierarchy of State Government Organizations.)

Or:

A government organization belonging to the highest level of the state organizational hierarchy as defined in the *UCM*. An organization whose head (Agency Secretary) is designated by Governor's order as a cabinet member. (*SAM 6610*)

Allocation

A distribution of funds or costs from one account or appropriation to one or more accounts or appropriations (e.g., the allocation of employee compensation funding from the statewide 9800 Budget Act items to departmental Budget Act items).

Allotment

The approved division of an amount (usually of an appropriation) to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line item expenditure basis by program or organization. (*SAM 8300 et seq*)

Amendment

A proposed or accepted change to a bill in the Legislature, the California Constitution, statutes enacted by the Legislature, or ballot initiative.

A-pages

A common reference to the Governor's Budget Summary. Budget highlights now contained in the Governor's Budget Summary were once contained in front of the Governor's Budget on pages A-1, A-2, etc., and were, therefore, called the A-pages.

Appropriated Revenue

Revenue which, as it is earned, is reserved and appropriated for a specific purpose. An example is student fees received by state colleges that are by law appropriated for the support of the colleges. The revenue does not become available for expenditure until it is earned.

Appropriation

Authorization for a specific agency to make expenditures or create obligations from a specific fund for a specific purpose. It is usually limited in amount and period of time during which the expenditure is to be recognized. For example, appropriations made by the Budget Act are available for encumbrance for one year, unless otherwise specified. Appropriations made by other legislation are available for encumbrance for three years, unless otherwise specified, and appropriations stating "without regard to fiscal year" shall be available from year to year until fully expended. Legislation or the California Constitution can provide continuous appropriations, and voters can also make appropriations by approving ballot measures. An appropriation shall be available for encumbrance during the period specified therein, or if not specified, for a period of three years after the date upon which it first became available for encumbrance. Except for federal funds, liquidation of encumbrances must be within two years of the expiration date of the period of availability for encumbrance, at which time the undisbursed (i.e., unliquidated) balance of the appropriation is reverted back into the fund. Federal funds have four years to liquidate. (*GC 16304, 16304.1*)

Appropriation Without Regard To Fiscal Year (AWRTFY)

An appropriation for a specified amount that is available from year to year until fully expended.

Appropriations Limit, State (SAL)

The constitutional limit on the growth of certain appropriations from tax proceeds, generally set to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another. (*Article XIII B, § 8; GC Sec. 7900 et seq; CS 12.00*)

Appropriation Schedule

The detail of an appropriation (e.g., in the Budget Act), showing the distribution of the appropriation to each of the categories, programs, or projects thereof.

Assembly

California's lower house of the Legislature composed of 80 members. As a result of Proposition 140 (passed in 1990) and Proposition 28 (passed in 2012), members elected in or after 2012 may serve 12 years in the Legislature in any combination of four-year state Senate or two-year state Assembly

terms. Prior to Proposition 28, Assembly members could serve two-year terms and a maximum of three terms. (*Article IV, § 2 (a)*)

Audit

Typically a review of financial statements or performance activity (such as of an agency or program) to determine conformity or compliance with applicable laws, regulations, and/or standards. The state has three central organizations that perform audits of state agencies: the State Controller's Office, the Department of Finance, and the California State Auditor's Office. Many state departments also have internal audit units to review their internal functions and program activities. (*SAM 20000, etc.*)

Augmentation

An authorized increase to a previously authorized appropriation or allotment. This increase can be authorized by Budget Act provisional language, control sections, or other legislation. Usually a Budget Revision or an Executive Order is processed to implement the increase.

Authorized

Given the force of law (e.g., by statute). For some action or quantity to be authorized, it must be possible to identify the enabling source and date of authorization.

Authorized Positions

As reflected in the Governor's Budget (Expenditures by Category and Changes in Authorized Positions), corresponds with the "Total, Authorized Positions" shown in the Salaries and Wages Supplement (Schedule 7A).

In these documents, for past year, authorized positions represent the number of actual positions filled for that year. For current year, authorized positions include all regular ongoing positions approved in the Budget Act for that year, less positions abolished by the State Controller per Government Code 12439, adjustments to limited term positions, and positions authorized in enacted legislation. For budget year, the number of authorized positions is the same as current year except for adjustments for any positions that have been removed due to expiring limited positions. (GC 19818; SAM 6406.)

Availability Period

The time period during which an appropriation may be encumbered (i.e., committed for expenditure), usually specified by the law creating the appropriation. If no specific time is provided in financial legislation, the period of availability is three years. Unless otherwise provided, Budget Act appropriations are available for one year. However, based on project phase, capital outlay projects may have up to three years to encumber. An appropriation with the term "without regard to fiscal year" has an unlimited period of availability and may be encumbered at any time until the funding is exhausted. (See also "Encumbrances")

Balance Available

In regards to a fund, it is the excess of resources over uses. For budgeting purposes, the balance available in a fund condition is the carry-in balance, net of any prior year adjustments, plus revenues and transfers, less expenditures. For accounting purposes, the balance available in a fund is the net of assets over liabilities and reserves that is available for expenditure .

For appropriations, it is the unobligated, or unencumbered, balance still available.

Baseline Adjustment

Also referred as Workload Budget Adjustment. See Workload Budget Adjustment.

Baseline Budget

Also referred as Workload Budget. See Workload Budget.

Bill

A draft of a proposed law presented to the Legislature for enactment. (A bill has greater legal formality and standing than a resolution.)

OR An invoice, or itemized statement, of an amount owing for goods and services received.

Bond Funds

For legal basis budgeting purposes, funds used to account for the receipt and disbursement of non-self liquidating general obligation bond proceeds. These funds do not account for the debt retirement since the liability created by the sale of bonds is not a liability of bond funds. Depending on the provisions of the bond act, either the General Fund or a sinking fund pays the principal and interest on the general obligation bonds. The proceeds and debt of bonds related to self-liquidating bonds are included in nongovernmental cost funds. (*SAM 14400*)

Budget

A plan of operation expressed in terms of financial or other resource requirements for a specific period of time. (*GC 13320, 13335; SAM 6120*)

Budget Act (BA)

An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget and amended by the Legislature. (*SAM 6333*)

Budget Bill

Legislation presenting the Governor's proposal for spending authorization for the next fiscal year. The Budget Bill is prepared by the Department of Finance and submitted to each house of the Legislature in January (accompanying the Governor's Budget). The Budget Bill's authors are typically the budget committee chairpersons.

The California Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. The Budget Bill becomes the Budget Act upon signature by the Governor, after any line-item vetoes. (*Art. IV. § 12(c); GC 13338; SAM 6325, 6333*)

Budget Change Proposal (BCP)

A proposal to change the level of service or funding sources for activities authorized by the Legislature, propose new program activities not currently authorized, or to delete existing programs. The Department of Finance annually issues a Budget Letter with specific instructions for preparing BCPs. (*SAM 6120*)

Budget Cycle

The period of time required to prepare a state financial plan and enact that portion of it applying to the budget year. Significant events in the cycle include:

- preparation of the Governor's proposed budget (usually prepared between July 1st and January 10)
- submission of the Governor's Budget and Budget Bill to the Legislature (by January 10)
- submission to the Legislature of proposed adjustments to the Governor's Budget
 - April 1 - adjustments other than Capital Outlay and May Revision
 - May 1 - Capital Outlay appropriation adjustments
 - May 14 - May Revision adjustments for changes in General Fund revenues, necessary expenditure reductions to reflect updated revenue, and funding for Proposition 98, caseload, and population
- review and revision of the Governor's Budget by the Legislature
- return of the revised budget to the Governor by June 15, as required by the California Constitution, for signature after any line-item vetoes
- signing of the budget by the Governor. (*Art. IV. § 10, GC 13308, SAM 6150*)

Budget—Program or Traditional

A program budget expresses the operating plan in terms of the costs of activities (programs) to be undertaken to achieve specific goals and objectives. A traditional (or object of expenditure) budget expresses the plan in terms of categories of costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget but also includes detailed categorization of proposed expenditures for goods and services (Expenditures by Category) for State Operations for each department. (GC 13336; SAM 6210, 6220)

Budget Revision (BR)

A document, usually approved by the Department of Finance, that cites a legal authority to authorize a change in an appropriation. Typically, BRs either increase the appropriation or make adjustments to the categories or programs within the appropriation as scheduled. (SAM 6533, 6542, 6545)

Budget Year (BY)

The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

CALSTARS

The acronym for the California State Accounting and Reporting System, the state's primary accounting system. Most departments currently use CALSTARS. (GC 13300)

Capital Outlay (CO)

A character of expenditure of funds to acquire land, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction. (CS 3.00)

Carryover

The unencumbered balance of an appropriation that continues to be available for expenditure in years subsequent to the year of enactment. For example, if a three-year appropriation is not fully encumbered in the first year, the remaining amount is carried over to the next fiscal year.

Cash Basis of Accounting

The basis of accounting in which revenues and expenditures are recorded when cash is received or disbursed.

Cash Flow Statement

A statement of cash receipts and disbursements for a specified period of time.

Category

A grouping of related types of expenditures, such as Personal Services, Operating Expenses and Equipment, Reimbursements, Special Items of Expense, Unclassified, Local Costs, Capital Costs, and Internal Cost Recovery. (UCM)

Category Transfer

An allowed transfer between categories or functions within the same schedule of an appropriation. Such transfers are presently authorized by Control Section 26.00 of the Budget Act (and prior to 1996-97, by Section 6.50 of the Budget Act). The control section specifies the amounts of the allowable transfers and requirements for reporting to the Legislature.

Change Book System

The system the Department of Finance uses to record all the legislative changes (including changes proposed by the Administration and approved by the Legislature) made to the Governor's Budget and the final actions on the budget taken by the Legislature and Governor. A "Final Change Book" is

published after enactment of the Budget Act. It includes detailed fiscal information on the changes made by the Legislature and by the Governor's vetoes. (SAM 6355)

Changes in Authorized Positions ("Schedule 2")

A schedule in the Governor's Budget that reflects staffing changes made subsequent to the adoption of the current year budget and enacted legislation. This schedule documents changes in positions due to various reasons. Some examples are: transfers, positions established, and selected reclassifications, as well as proposed new positions included in BCPs for the current or budget year. (SAM 6406)

Chapter

The reference assigned by the Secretary of State to an enacted bill, numbered sequentially in order of enactment each calendar year. The enacted bill is then referred to by this "chapter" number and the year in which it became law. For example, *Chapter 1, Statutes of 1997*, would refer to the first bill enacted in 1997.

Character of Expenditure

A classification identifying the major purpose of an expenditure, such as State Operations, Local Assistance, Capital Outlay, or Unclassified. (UCM)

Claim Schedule

A request from a state department to the State Controller's Office to disburse payment from a legal appropriation or account for a lawful state obligation. The claim schedule identifies the appropriation or account to be charged, the payee(s), the amount(s) to be paid, and an affidavit attesting to the validity of the request.

COBCP

Capital outlay budgets are zero-based each year, therefore, the department must submit a written capital outlay budget change proposal for each new project or subsequent phase of an existing project for which the department requests funding. (SAM 6818)

Codes, Uniform

See "Uniform Codes Manual."

Conference Committee

A committee of three members (two from the majority party, one from the minority party) from each house, appointed to meet and resolve differences between versions of a bill (e.g., when one house of the Legislature does not concur with bill amendments made by the other house). If resolution cannot be reached, another conference committee can be selected, but no more than three different conference committees can be appointed on any one bill. Budget staff commonly refer to the conference committee on the annual budget bill as the "Conference Committee." (SAM 6340)

Continuing Appropriation

An appropriation for a set amount that is available for more than one year. (SAM 8382)

Continuous Appropriation

Constitutional or statutory expenditure authorization which is renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is designated for the purpose as determined by formula, e.g., school apportionments. Note: Government Code Section 13340 sunsets statutory continuous appropriations on June 30 with exceptions specified in the section and other statutes. Section 30.00 of the annual Budget Act traditionally extends the continuous appropriations for one additional fiscal year. (GC 13340)

Continuously Vacant Positions

On July 1, positions which were continuously vacant for six consecutive monthly pay periods during the preceding fiscal year are abolished by the State Controller's Office. The six consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years. The exceptions to this rule are positions exempt from civil service and instructional positions authorized for the California State University. The Department of Finance may authorize the reestablishment of positions in cases where the vacancies were (1) due to a hiring freeze, (2) the department has diligently attempted to fill the position but was unable to complete all steps to fill the position within six months, (3) the position is determined to be hard-to-fill, (4) the position has been designated as a management position for the purposes of collective bargaining and has been held vacant pending the appointment of the director or other chief executive officer of the department as part of the transition from one Governor to the succeeding Governor, or, (5) late enactment of the budget causes the department to delay filling the position, and the Department of Finance approves an agency's written appeal to continue the positions. In addition, departments may self-certify reestablishments by August 15 for positions that meet specified conditions during the vacancy period.

By October 15 of each year, the State Controller's Office is required to notify the Joint Legislative Budget Committee and the Department of Finance of the continuously vacant positions identified for the preceding fiscal year. (GC 12439)

Control Sections

Sections of the Budget Act (i.e., 1.00 to the end) providing specific controls on the appropriations itemized in Section 2.00 of the Budget Act. See more detail under "Sections."

Cost-of-Living Adjustments (COLA)

Increases provided in state-funded programs that include periodic adjustments predetermined in state law (statutory, such as K-12 education apportionments), or established at optional levels (discretionary) by the Administration and the Legislature each year through the budget process.

Current Year (CY)

A term used in budgeting and accounting to designate the operations of the present fiscal year in contrast to past or future periods. (See also "Fiscal Year.")

Debt Service

The amount of money required to pay interest on outstanding bonds and the principal of maturing bonds.

Department

A governmental organization, usually belonging to the third level of the state organizational hierarchy as defined in the Uniform Codes Manual. (UCM)

Department of Finance (Finance)

The Director of Finance functions as the Governor's chief fiscal policy advisor with emphasis on the financial integrity of the state. Finance is delegated the responsibility for preparation of the Governor's Budget. Primary functions of the department include:

- Prepare, explain, and administer the state's annual financial plan (budget), which the Governor is required under the State Constitution to present by January 10 of each year.
- Analyze legislation.
- Establish appropriate fiscal policies to carry out the state's programs.
- Develop and maintain the California State Accounting and Reporting System (CALSTARS), which is used by most state departments to record their accounting transactions.

- Monitor and audit expenditures by state departments to ensure compliance with the law, approved standards and policies.
- Develop economic forecasts and revenue estimates.
- Develop population and enrollment estimates and projections.
- Review expenditures for information technology activities of state departments.
- Support the Director or designee in their role as member of approximately 95 state boards and commissions.

(GC 13000 et seq.)

Detailed Budget Adjustments

Department Detailed Budget Adjustments are included in department budget displays to provide the reader a snapshot of proposed expenditure and position adjustments in the department, why those changes are being proposed, and their dollar and position impact.

The Detailed Budget Adjustments include two adjustment categories: workload and policy. Within the workload section, issues are further differentiated between budget change proposals and other workload budget adjustments. Below are the standard categories or headings including definitions: Additional categories or headings may be used as needed in any particular year.

- **Workload Budget Adjustments** - See "Workload Budget Adjustments."
- **Policy Adjustments** - See "Policy Adjustments."
- **Employee Compensation Adjustments** - See "Employee Compensation/Retirement."
- **Retirement Rate Adjustment** – See "Employee Compensation/Retirement."
- **Limited Term Positions/ Expiring Programs** - Reduction of the budget-year funding and positions for expiring programs or positions.
- **Abolished Vacant Positions** – Positions abolished that are vacant for six consecutive monthly pay periods, irrespective of fiscal years, per Government Code 12439.
- **One-Time Cost Reductions** - Reductions of the budget-year funding and positions to account for one-time costs budgeted in the current year.
- **Full-Year Cost of New/Expanded Programs** - Increases to the budget year funding and positions to reflect the full-year costs of programs authorized to begin after July 1 of the current fiscal year (does not include the full year effect of employee compensation adjustments that are displayed separately).
- **Carryover/Reappropriation** – See "Carryover" and "Reappropriation."
- **Legislation With an Appropriation** – New legislation with funding to carry out its purpose.
- **Expenditure Transfers** – Transfers of expenditures between two departments but within the same fund.
- **Lease Revenue Debt Service Adjustment** – Expenditures related to changes in lease revenue costs.
- **Miscellaneous Adjustments** – This category includes all workload budget adjustments not included in one of the aforementioned categories. This category may include Pro Rata and Statewide Costs Allocation Plan (SWCAP) adjustments. See Pro Rata and Statewide Cost Allocation.

Detail of Appropriations and Adjustments

A budget display, for each organization, that reflects appropriations and adjustments by fund source for each character of expenditure, (i.e., State Operations, Local Assistance, and Capital Outlay). *(SAM 6478)*

Element

A subdivision of a budgetary program and the second level of the program structure in the Uniform Codes Manual.

Employee Compensation/Retirement

Salary, benefit, employer retirement rate contribution adjustments, and any other related statewide compensation adjustments for state employees. Various 9800 Items of the Budget Act appropriate funds for compensation increases for most state employees (excluding Higher Education and some others), that is, they appropriate the incremental adjustment proposed for the salary and benefit adjustments for the budget year. The base salary and benefit levels are included in individual agency/departmental budgets.

Encumbrance

The commitment of all or part of an appropriation for future expenditures. Encumbrances represent commitments related to unfilled purchase orders or unfulfilled contracts. Outstanding encumbrances are recognized as budgetary expenditures in the department's budget documents and annual financial reports. For budgeting purposes, the Department of Finance makes a statewide adjustment to remove encumbrances from overall General Fund expenditures and show the amount as a reserve in the fund balance, in accordance with Government Code section 13307. For other funds, such encumbrance adjustments are not made, and encumbrances are treated as budgetary expenditures which decrease the fund balance.

Enrolled Bill Report (EBR)

An analysis prepared on Legislative measures passed by both houses and referred to the Governor, to provide the Governor's Office with information concerning the measure with a recommendation for action by the Governor. While approved bill analyses become public information, EBRs do not. Note that EBRs are not prepared for Constitutional Amendments, or for Concurrent, Joint, or single house resolutions, since these are not acted upon by the Governor. (SAM 6965)

Enrollment, Caseload, & Population Adjustments

These adjustments are generally formula or population driven.

Executive Branch

One of the three branches of state government, responsible for implementing and administering the state's laws and programs. The Governor's Office and those individuals, departments, and offices reporting to it (the Administration) are part of the Executive Branch.

Executive Order (EO)

A budget document, issued by the Department of Finance, requesting the State Controller's Office to make an adjustment in their accounts. The adjustments are typically authorized by Budget Act provision language, Budget Act control sections, and other statutes. An EO is used when the adjustment makes increases or decreases on a state-wide basis, involves two or more appropriations, or makes certain transfers or loans between funds.

Exempts

State employees exempt from civil service pursuant to subdivision (e), (f), or (g) of Section 4 of Article VII of the California Constitution. Examples include department directors and other gubernatorial appointees. (SAM 0400)

Expenditure

Expenditures reported on a department's annual financial reports and "past year" budget documents consist of amounts paid and accruals (including encumbrances and payables) for obligations created for the fiscal year. "Current Year" and "Budget Year" expenditures in budget documents are estimates. See "Encumbrances".

Expenditure Authority

The authorization to make an expenditure (usually by a budget act appropriation, provisional language or other legislation).

Expenditures by Category

A budget display, for each department, that reflects actual past year, estimated current year, and proposed budget year expenditures presented by character of expenditure (e.g., State Operations and/or Local Assistance) and category of expenditure (e.g., Personal Services, Operating Expenses and Equipment).

3-year Expenditures and Positions

A display at the start of each departmental budget that presents the various departmental programs by title, dollar totals, positions, and source of funds for the past, current, and budget years.

Feasibility Study Report (FSR)

A document proposing an information technology project that contains analyses of options, cost estimates, and other information. (SAM 4920-4930)

Federal Fiscal Year (FFY)

The 12-month accounting period of the federal government, beginning on October 1 and ending the following September 30. For example, a reference to FFY 2013 means the period beginning October 1, 2012 and ending September 30, 2013. (See also "Fiscal Year.")

Federal Funds

For legal basis budgeting purposes, classification of funds into which money received in trust from an agency of the federal government will be deposited and expended by a state department in accordance with state and/or federal rules and regulations. State departments must deposit federal grant funds in the Federal Trust Fund, or other appropriate federal fund in the State Treasury. (GC 13326 (*Finance approval*), 13338 *approp. of FF, CS 8.50*)

Feeder Funds

For legal basis accounting purposes, funds into which certain taxes or fees are deposited upon collection. In some cases administrative costs, collection expenses, and refunds are paid. The balance of these funds is transferable at any time by the State Controller's Office to the receiving fund, in most cases, the General Fund.

Final Budget

Generally refers to the Governor's Budget as amended by actions taken on the Budget Bill (e.g. legislative changes, Governor's vetoes). Note: Subsequent legislation (law enacted after the Budget Bill is chaptered) may add, delete, or change appropriations or require other actions that affect a budget appropriation.

Final Budget Summary

A document produced by the Department of Finance after enactment of the Budget Act which reflects the Budget Act, any vetoes to language and/or appropriations, technical corrections to the Budget Act, and summary budget information. (See also "Budget Act," "Change Book.") (SAM 6130, 6350)

Finance Conversion Code (FCC) Listing

A listing distributed by the State Controller's Office to departments each spring, which based upon departmental coding updates, will dictate how the salaries and wages detail will be displayed in the Salaries and Wages publication. (SAM 6430)

Finance Letter (FL)

Proposals made, by the Director of Finance to the chairpersons of the budget committees in each house, to amend the Budget Bill and the Governor's Budget from that submitted on January 10 to reflect a revised plan of expenditure for the budget year and/or current year. Specifically, the

Department of Finance is required to provide the Legislature with updated expenditure and revenue information for all policy adjustments by April 1, capital outlay technical changes by May 1, and changes for caseload, population, enrollment, updated revenues, and Proposition 98 by May 14. (GC 13308)

Fiscal Committees

Committees of members in each house of the Legislature that review the fiscal impact of proposed legislation, including the Budget Bill. Currently, the fiscal committees include the Senate Budget and Fiscal Review Committee, Senate Appropriations Committee, Assembly Appropriations Committee, and the Assembly Budget Committee. The Senate Budget and Fiscal Review Committee and the Assembly Budget Committee are broken into subcommittees responsible for specific state departments or subject areas. Both houses also have Revenue and Taxation Committees that are often considered fiscal committees.

Fiscal Impact Analysis

Typically refers to a section of an analysis (e.g., bill analysis) that identifies the costs and revenue impact of a proposal and, to the extent possible, a specific numeric estimate for applicable fiscal years.

Fiscal Year (FY)

A 12-month period during which income is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recorded. In California state government, the fiscal year begins July 1 and ends the following June 30. If reference is made to the state's FY 2013, this is the time period beginning July 1, 2013 and ending June 30, 2014. (See also "Federal Fiscal Year.") (GC 13290)

Floor

The Assembly or Senate chambers or the term used to describe the location of a bill or the type of session. Matters may be referred to as "on the floor".

Form 9

A request by a department for space planning services (e.g., new or additional space lease extensions, or renewals in noninstitutional) and also reviewed by the Department of Finance. (SAM 6453)

Form 22

A department's request to transfer money to the Architectural Revolving Fund (e.g., for building improvements), reviewed by the Department of Finance. (GC 14957; SAM 1321.1)

Fund

A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and balance, as well as its income and expenditures.

Fund Balance

For accounting purposes, the excess of a fund's assets over its liabilities. For budgeting purposes, the excess of a fund's resources over its expenditures.

Fund Condition Statement

A budget display, included in the Governor's Budget, summarizing the operations of a fund for the past, current, and budget years. The display includes the beginning balance, prior year adjustments, revenue, transfers, loans, expenditures, the ending balance, and any reserves. Fund Condition Statements are required for all special funds. The Fund Condition Statement for the General Fund is Summary Schedule 1. Other funds are displayed at the discretion of the Department of Finance.

General Fund (GF)

For legal basis accounting and budgeting purposes, the predominant fund for financing state government programs, used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax, and corporation taxes. The major uses of the General Fund are education (K-12 and higher education), health and human service programs, and correctional programs.

Generally Accepted Accounting Principles (GAAP)

The accounting principles, rules, conventions, and procedures that are used for accounting and financial reporting. GAAP for governments are set by the Governmental Accounting Standards Board (GASB), the accounting and financial reporting standards setting body for state and local governments.

Governmental Cost Funds

For legal basis accounting and budgeting purposes, funds that derive revenue from taxes, licenses, and fees.

Governor's Budget

The publication the Governor presents to the Legislature, by January 10 each year. It contains recommendations and estimates for the state's financial operations for the budget year. It also displays the actual revenues and expenditures of the state for the prior fiscal year and updates estimates for the current year revenues and expenditures. This publication is also produced in a web format known as the Proposed Budget Detail on the Department of Finance website. (*Article IV, § 12; SAM 6120, et seq*)

Governor's Budget Summary (or A-Pages)

A companion publication to the Governor's Budget that outlines the Governor's policies, goals, and objectives for the budget year. It provides a perspective on significant fiscal and/or structural proposals. This publication is also produced in a web format known as the Proposed Budget Summary on the Department of Finance web site.

Grants

Typically used to describe amounts of money received by an organization for a specific purpose but with no obligation to repay (in contrast to a loan, although the award may stipulate repayment of funds under certain circumstances). For example, the state receives some federal grants for the implementation of health and community development programs, and the state also awards various grants to local governments, private organizations and individuals according to criteria applicable to the program.

Indirect Costs

Costs which by their nature cannot be readily associated with a specific organization unit or program. Like general administrative expenses, indirect costs are distributed to the organizational unit(s) or program(s) which benefit from their incurrence.

Initiative

The power of the electors to propose statutes or Constitutional amendments and to adopt or reject them. An initiative must be limited to a single subject and be filed with the Secretary of State with the appropriate number of voter signatures in order to be placed on the ballot. (*Article II, § 8*)

Item

Another word for appropriation.

Judgments

Usually refers to decisions made by courts against the state. Payment of judgments is subject to a variety of controls and procedures.

Language Sheets

Copies of the current Budget Act appropriation items provided to Finance and departmental staff each fall to update for the proposed Governor's Budget. These updated language sheets become the proposed Budget Bill. In the spring, language sheets for the Budget Bill are updated to reflect revisions to the proposed appropriation amounts, Item schedule(s), and provisions, and become the Budget Act.

Legislative Analyst's Office (LAO)

A non-partisan organization that provides advice to the Legislature on fiscal and policy matters. For example, the LAO annually publishes a detailed analysis of the Governor's Budget and this document becomes the initial basis for legislative hearings on the Budget Bill. (SAM 7360)

Legislative Counsel Bureau

A staff of attorneys who draft legislation (bills) and proposed amendments, and review, analyze and render opinions on legal matters for the legislative members.

Legislative Counsel Digest

A summary of what a legislative measure does contrasting existing law and the proposed change. This summary appears on the first page of a bill.

Legislative Information System (LIS)

An on-line system developed and used by the Department of Finance to maintain current information about all bills introduced in the Assembly and Senate for the current two-year session, and for other recently completed sessions. Finance analysts use this system to prepare bill analyses.

Legislature, California

A two-house body of elected representatives vested with the responsibility and power to make laws affecting the state (except as limited by the veto power of the Governor). See also "Assembly" and "Senate."

Limited-Term Position (LT)

Any position that has been authorized only for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget process or in transactions approved by the Department of Finance. (SAM 6515)

Line Item

See "Objects of Expenditure."

Local Assistance (LA)

The character of expenditures made for the support of local government or other locally administered activities.

Mandates

See "State-Mandated Local Program." (UCM)

May Revision

An annual update to the Governor's Budget containing a revised estimate of General Fund revenues for the current and ensuing fiscal years, any proposals to adjust expenditures to reflect updated revenue estimates, and all proposed adjustments to Proposition 98, presented by the Department of Finance to the Legislature by May 14 of each year. (See also "Finance Letter.") (SAM 6130 and GC 13308)

Merit Salary Adjustment (MSA)

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary increase of five percent per year up to the upper salary limit of the classification, contingent upon the employing agency certifying that the employee's job performance meets the level of quality and quantity expected by the agency, considering the employee's experience in the position.

Merit salary adjustments for employees of the University of California and the California State University are determined in accordance with rules established by the regents and the trustees, respectively.

Funding typically is not provided for MSAs in the budget; any additional costs incurred by a department usually must be absorbed from within existing resources. (GC 19832)

Minor Capital Outlay

Construction projects or equipment acquired to complete a construction project, estimated to cost less than \$600,000 plus any escalation per Public Contract Code 10108.

Modified Accrual Basis

The basis of accounting in which revenues are recognized if the underlying transaction has occurred as of the last day of the fiscal year and the amount is measurable and available to finance expenditures of the current period (i.e., the actual collection will occur either during the current period or after the end of the current period to be used to pay current year-end liabilities). Expenditures are accrued when the obligations are created, except for amounts payable from future fiscal year appropriations. This basis is generally used for the General Fund and special funds.

Non-add

Refers to a numerical value that is displayed in parentheses for informational purposes but is not included in computing totals, usually because the amounts are already accounted for in the budget system or display.

Nongovernmental Cost Funds

For legal basis purposes, used to budget and account for revenues other than general and special taxes, licenses, and fees or certain other state revenues.

Object of Expenditure (Objects)

A classification of expenditures based on the type of goods or services received. For example, the budget category of Personal Services includes the objects of Salaries and Wages and Staff Benefits. The Governor's Budget includes an "Expenditures by Category" for each department at this level. These objects may be further subdivided into line items such as State Employees' Retirement and Workers' Compensation. (UCM)

Obligations

Amounts that a governmental unit may legally be required to pay out of its resources. Budgetary authority must be available before obligations can be created. For budgetary purposes, obligations include payables for goods or services received but not yet paid for and encumbrances (i.e., commitments for goods and services not yet received nor paid for).

One-Time Cost

A proposed or actual expenditure that is non-recurring (usually only in one annual budget) and not permanently included in baseline expenditures. Departments make baseline adjustments to remove prior year one-time costs and appropriately reduce their expenditure authority in subsequent years' budgets.

Operating Expenses and Equipment (OE&E)

A category of a support appropriation which includes objects of expenditure such as general expenses, printing, communication, travel, data processing, equipment, and accessories for the equipment. (SAM 6451)

Organization Code

The four-digit code assigned to each state governmental entity (and sometimes to unique budgetary programs) for fiscal system purposes. The organization code is the first segment of the budget item/appropriation number. (UCM)

Out-of-State Travel (OST) blanket

A request by a state agency for Governor's Office approval of the proposed out-of-state trips to be taken by that agency's personnel during the fiscal year. (SAM 0760-0765)

Overhead

Those elements of cost necessary in the production of an article or the performance of a service that are of such a nature that the amount applicable to the product or service cannot be determined directly. Usually they relate to those costs that do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, or supervision. See also "Indirect Costs."

Overhead Unit

An organizational unit that benefits the production of an article or a service but that cannot be directly associated with an article or service to distribute all of its expenditures to elements and/or work authorizations. The cost of overhead units are distributed to operating units or programs within the department. (See "Administration Program Costs.")

Past Year

The most recently completed fiscal year. (See also "Fiscal Year.")

Performance Budget

A budget wherein proposed expenditures are organized and tracked primarily by measurable performance objectives for activities or work programs. A performance budget may also incorporate other bases of expenditure classification, such as character and object, but these are given a subordinate status to activity performance.

Personal Services

A category of expenditure which includes such objects of expenditures as the payment of salaries and wages of state employees and employee benefits, including the state's contribution to the Public Employees' Retirement Fund, insurance premiums for workers' compensation, and the state's share of employees' health insurance. See also "Objects of Expenditure." (SAM 6403, 6506)

Plan of Financial Adjustment (PFA)

A plan proposed by a department, approved by the Department of Finance, and accepted by the State Controller's Office (SCO), to permit the SCO to allocate costs paid from one item to one or more items within a department's appropriations. A PFA might be used, for example, to allow the department to pay all administrative costs out of its main item and then to transfer the appropriate costs to the correct items for their share of the costs paid. The SCO transfers the funds upon receipt of a letter (transaction request) from the department stating the amount to be transferred based on the criteria for cost distribution in the approved PFA. (SAM 8715)

Planning Estimate (PE)

A document used to record and monitor those current and budget year expenditure adjustments including budget change proposals approved for inclusion in the Governor's Budget. PEs are broken down by department, fund type, character, Budget Bill/Act appropriation number, and "lines"(i.e., expenditure groupings such as employee compensation, price increases, one-time costs). PEs are primarily used to record the incremental decisions made about changes to each base budget, are

updated at frequent intervals, and can be used for quick planning or "what if" analyses. PEs identify all proposed expenditure changes (baseline and policy) to the previous year's Budget Act, and once budget preparation is complete, PEs will tie to all other fiscal characterizations of the proposed Governor's Budget. (The term is sometimes used synonymously with Planning Estimate Line, which is one specific expenditure grouping.)

Planning Estimate Line

A separate planning estimate adjustment or entry for a particular expenditure or type. (See "Planning Estimate.")

Policy Adjustments

Changes to existing law or Administration policies. These adjustments require action by the Governor and/or Legislature and modify the workload budget.

Pooled Money Investment Account (PMIA)

A State Treasurer's Office accountability account maintained by the State Controller's Office to account for short-term investments purchased by the State Treasurer's Office as designated by the Pooled Money Investment Board on behalf of various funds.

Pooled Money Investment Board (PMIB)

A board comprised of the Director of Finance, State Treasurer, and the State Controller, the purpose of which is to design an effective cash management and investment program, using all monies flowing through the Treasurer's bank accounts and keeping all available monies invested consistent with the goals of safety, liquidity, and yield. (SAM 7350)

Positions

See "Authorized Positions."

Price Increase

A budget adjustment to reflect the inflation factors for specified operating expenses consistent with the budget instructions from the Department of Finance.

Prior Year Adjustment

An adjustment for the difference between prior year accruals and actual expenditures or revenues. The prior year adjustment amount is generally included in the Fund Condition Statements as an adjustment to realign the beginning fund balance to ensure accurate fund balances.

Pro Rata

The amount of state administrative costs, paid from the General Fund and the Central Service Cost Recovery Fund (e.g., amounts expended by central service departments such as the State Treasurer's Office, State Personnel Board, State Controller's Office, and Department Finance for the general administration of state government), that are chargeable to and recovered from special funds (other than the General Fund, Central Service Cost Recovery Fund, and federal funds) as determined by the Department of Finance. (GC 11270-11277, 13332.03; 22828.5; SAM 8753, 8754)

Program Budget

See "Budget, Program or Traditional."

Program Cost Accounting (PCA)

A level of accounting that identifies costs by activities performed in achievement of a purpose in contrast to the traditional line-item format. The purpose of accounting at this level is to produce cost data sufficiently accurate for allocating and managing its program resources. (SAM 9200)

Programs

Activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks.

Proposed New Positions

A request for an authorization to expend funds to employ additional people to perform work. Proposed new positions may be for limited time periods (limited term) and for full or less than full time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed. (See also "Changes in Authorized Positions.")

Proposition 98

An initiative passed in November 1988, and amended in the June 1990 election, that provides a minimum funding guarantee for school districts, community college districts, and other state agencies that provide direct elementary and secondary instructional programs for kindergarten through grade 14 (K-14) beginning with fiscal year 1988-89. The term is also used to refer to any expenditures which fulfill the guarantee. (*Article XVI, § 8*)

Provision

Language in a bill or act that imposes requirements or constraints upon actions or expenditures of the state. Provisions are often used to constrain the expenditure of appropriations but may also be used to provide additional or exceptional authority. (Exceptional authority usually begins with the phrase "Notwithstanding...".)

Public Service Enterprise Funds

For legal basis accounting purposes, the fund classification that identifies funds used to account for the transactions of self-supporting enterprises that render goods or services for a direct charge to the user (primarily the general public). Self-supporting enterprises, that render goods or services for a direct charge to other state departments or governmental entities, account for their transactions in a Working Capital and Revolving Fund. (*UCM, Fund Codes—Structure*)

Reappropriation

The extension of an appropriation's availability for encumbrance and/or expenditure beyond its set termination date and/or for a new purpose. Reappropriations are typically authorized by statute for one year at a time but may be for some greater or lesser period.

Recall

The power of the electors to remove an elected officer. (*Article II, § 13*)

Redemption

The act of redeeming a bond or other security by the issuing agency.

Reference Code

A three-digit code identifying whether the item is from the Budget Act or some other source (e.g., legislation), and its character (e.g., state operations). This is the middle segment of the budget item/appropriation number.

Referendum

The power of the electors to approve or reject statutes or parts of statutes, with specified exceptions and meeting specified deadlines and number of voters' signatures. (*Article II, § 9*)

Refund to Reverted Appropriations

A receipt account to record the return of monies (e.g., abatements and reimbursements) to appropriations that have reverted.

Regulations

A rule, order, or standard of general application issued by a state agency to implement, interpret, or make specific the law enforced or administered by it, or to govern its procedures. With state government, the process of adopting or changing most regulations is subject to the Administrative Procedures Act and oversight of the Office of Administrative Law (OAL). The Department of Finance must also review and approve any non-zero estimate of state or local fiscal impact included in a regulation package before it can be approved by OAL. *(GC 13075, and Chapter 3.5 [commencing with section 11340], Part 1, Division 3, Title 2; SAM 6601-6616)*

Reimbursement Warrant (or Revenue Anticipation Warrant)

A warrant that has been sold by the State Controller's Office, as a result of a cash shortage in the General Fund, the proceeds of which will be used to reimburse the General Cash Revolving Fund. The Reimbursement Warrant may or may not be registered by the State Treasurer's Office. The registering does not affect the terms of repayment or other aspects of the Reimbursement Warrant.

Reimbursements

An amount received as a payment for the cost of services performed, or of other expenditures made for, or on behalf of, another entity (e.g., one department reimbursing another for administrative work performed on its behalf). Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure up to the budgeted amount (scheduled in an appropriation), and a budget revision must be prepared and approved by the Department of Finance before any reimbursements in excess of the budgeted amount can be expended. *(SAM 6463)*

Reserve

An amount of a fund balance set aside to provide for expenditures from the unencumbered balance for continuing appropriations, economic uncertainties, future apportionments, pending salary or price increase appropriations, and appropriations for capital outlay projects.

Revenue

Any addition to cash or other current assets that does not increase any liability or reserve and does not represent the reduction or recovery of an expenditure (e.g., reimbursements/abatements). Revenues are a type of receipt generally derived from taxes, licenses, fees, or investment earnings. Revenues are deposited into a fund for future appropriation, and are not available for expenditure until appropriated. *(UCM)*

Revenue Anticipation Notes (RANs)

A cash management tool generally used to eliminate cash flow imbalances in the General Fund within a given fiscal year. RANs are not a budget deficit-financing tool.

Revenue Anticipation Warrant (RAW)

See Reimbursement Warrant.

Reversion

The return of the unused portion of an appropriation to the fund from which the appropriation was made, normally two years (four years for federal funds) after the last day of an appropriation's availability period. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

Reverted Appropriation

An appropriation that is reverted to its fund source after the date its liquidation period has expired.

Revolving Fund

Generally refers to a cash account known as an office revolving fund (ORF). It is not a fund but an advance from an appropriation. Agencies may use the cash advance to disburse ORF checks for immediate needs, as specified in SAM. The cash account is subsequently replenished by a State

Controlloer's Office warrant. The size of departmental revolving funds is subject to Department of Finance approval within statutory limits. (SAM 8100, et seq)

SAL

See "Appropriations Limit, State".

Salaries and Wages Supplement

An annual publication issued shortly after the Governor's Budget, containing a summary of all positions by department, unit, and classification for the past, current, and budget years, as of July 1 of the current year. This publication is also displayed on the Department of Finance website.

Schedule

The detail of an appropriation in the Budget Bill or Act, showing its distribution to each of the categories, programs, or projects thereof. OR

A supplemental schedule submitted by departments to detail certain expenditures. OR

A summary listing in the Governor's Budget.

Schedule 2

See "Changes in Authorized Positions."

Schedule 7A

A summary version of the State Controller's Office detailed Schedule 8 position listing for each department. The information reflected in this schedule is the basis for the "Salaries and Wages Supplement" displayed on the Department of Finance website. (SAM 6415-6419)

Schedule 8

A detailed listing generated from the State Controller's Office payroll records for a department of its past, current, and budget year positions as of June 30 and updated for July 1. This listing must be reconciled with each department's personnel records and becomes the basis for centralized payroll and position control. The reconciled data should coincide with the level of authorized positions for the department per the final Budget. (SAM 6424-6429, 6448)

Schedule 10 (Supplementary Schedule of Appropriations)

A Department of Finance control document listing all appropriations and allocations of funds available for expenditure during the past, current, and budget years. These documents are sorted by state operations, local assistance, and capital outlay. The Schedule 10s reconcile expenditures by appropriation (fund source) and the adjustments made to appropriations, including allocation of new funds. These documents also show savings and carryovers by item. The information provided in this document is summarized in the Detail of Appropriations and Adjustments in the Governor's Budget. (SAM 6484)

Schedule 10R (Supplementary Schedule of Revenues and Transfers)

A Department of Finance control document reflecting information for revenues, transfers, and inter-fund loans for the past, current, and budget years. Schedule 10Rs are required for the General Fund and all special funds. Schedule 10R information for special funds is displayed in the Fund Condition Statement for that fund in the Governor's Budget.

Schedule 11

Outdated term for "Supplementary Schedule of Operating Expenses and Equipment."

Schedule of Federal Funds and Reimbursements, Supplementary

A supplemental schedule submitted by departments during budget preparation which displays the federal receipts and reimbursements by source. (SAM 6460)

Schedule of Operating Expenses and Equipment, Supplementary

A supplemental schedule submitted by departments during budget preparation which details by object the expenses included in the Operating Expenses and Equipment category. (SAM 6454, 6457)

Section 1.50

Section of the Budget Act that 1) specifies a certain format and style for the codes used in the Budget Act, 2) authorizes the Department of Finance to revise codes used in the Budget Act in order to provide compatibility with the Governor's Budget and records of the State Controller's Office, and 3) authorizes the Department of Finance to revise the schedule of an appropriation in the Budget Act for technical changes that are consistent with legislative intent. Examples of such technical changes to the schedule of an appropriation include the elimination of amounts payable, the distribution of administration costs, the distribution of unscheduled amounts to programs or categories, and the augmentation of reimbursement amounts when the Legislature has approved the budget for the department providing the reimbursement.

Section 1.80

Section of the Budget Act that includes periods of availability for Budget Act appropriations.

Section 8.50

The Control Section of the Budget Act that provides the authority to increase federal funds spending authority.

Section 26.00

A Control Section of the Budget Act that provides the authority for the transfer of funds from one category, program or function within a schedule to another category, program or function within the same schedule, subject to specified limitations and reporting requirements to the Legislature. (Prior to 1996-97, this authority was contained in Section 6.50 of the Budget Act.) (SAM 6548)

Section 28.00

A Control Section of the Budget Act that authorizes the Director of Finance to approve the augmentation or reduction of items of expenditure for the receipt of unanticipated federal funds or other non-state funds, and that specifies the related reporting requirements to the Legislature. Appropriation authority for unanticipated federal funds is contained in Section 8.50. (SAM 6551-6557)

Section 28.50

A Control Section of the Budget Act that authorizes the Department of Finance to augment or reduce the reimbursement line of an appropriation schedule for reimbursements received from other state agencies. It also contains specific reporting requirements to the Legislature. (SAM 6551-6557)

Section 30.00

A Control Section of the Budget Act that amends Government Code Section 13340 to sunset continuous appropriations.

Section 31.00

A Control Section of the Budget Act that specifies certain administrative procedures. For example, the section subjects the Budget Act appropriations to various sections of the Government Code, limits the new positions a department may establish to those authorized in the Budget, requires Finance approval and legislative notification of certain position transactions, requires all administratively established positions to terminate on June 30 and allows for such positions to continue if they were established after the Governor's Budget was submitted to the Legislature, and prohibits increases in salary ranges and other employee compensation which require funding not authorized by the budget unless the Legislature is informed.

Senate

The upper house of California's Legislature consisting of 40 members. As a result of Proposition 140 (1990, term limits) and Proposition 28 (2012, limits on Legislators' terms in office), members elected in or after 2012 may serve 12 years in the Legislature in any combination of four-year state Senate or two-year state Assembly terms. Prior to Proposition 28, Senate members could serve a maximum of two four-year terms. Twenty members are elected every two years. (*Article IV, § 2 (a)*)

Service Revolving Fund

A fund used to account for and finance many of the client services rendered by the Department of General Services. Amounts expended by the fund are reimbursed by sales and services priced at rates sufficient to keep the fund solvent. (*SAM 8471.1*)

Settlements

Refers to any proposed or final settlement of a legal claim (usually a suit) against the state. Approval of settlements and payments for settlements are subject to numerous controls. See also "Judgments." (*GC 965*)

Shared Revenue

A state-imposed tax, such as the gasoline tax, which is shared with local governments in proportion, or substantially in proportion, to the amount of tax collected or produced in each local unit. The tax may be collected either by the state and shared with the localities, or collected locally and shared with the state.

Sinking Fund

A fund or account in which money is deposited at regular intervals to provide for the retirement of bonded debt.

Special Fund for Economic Uncertainties

A fund in the General Fund (a similar reserve is included in each special fund) authorized by statute and Budget Act Control Section 12.30 to provide for emergency situations. (*GC 16418 , 16418.5*)

Special Funds

For legal basis budgeting purposes, funds created by statute, or administratively per Government Code Section 13306, used to budget and account for taxes, licenses, and fees that are restricted by law for particular activities of the government.

Special Items of Expense

An expenditure category that covers nonrecurring large expenditures or special purpose expenditures that generally require a separate appropriation (or otherwise require separation for clarity). (*SAM 6469; UCM*)

Sponsor

An individual, group, or organization that initiates or brings to a Legislator's attention a proposed law change.

Spot Bill

An introduced bill that makes non-substantive changes in a law, usually with the intent to amend the bill at a later date to include substantive law changes. This procedure provides a means for circumventing the deadline for the introduction of bills.

Staff Benefits

An object of expenditure representing the state costs of contributions for employees' retirement, OASDI, health benefits, and nonindustrial disability leave benefits. (*SAM 6412; UCM*)

State Fiscal Year

The period beginning July 1 and continuing through the following June 30.

State-Mandated Local Program

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This reimbursement requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the 1979 general election. (*Article XIII B, § 6; SAM 6601*)

State Operations (SO)

A character of expenditure representing expenditures for the support of state government, exclusive of capital investments and expenditures for local assistance activities.

Statewide Cost Allocation Plan (SWCAP)

The amount of state administrative, General Fund costs (e.g., amounts expended by central service departments such as the State Treasurer's Office, State Personnel Board, State Controller's Office, and the Department of Finance for the general administration of state government) chargeable to and recovered from federal funds, as determined by the Department of Finance. These statewide administrative costs are for administering federal programs, which the federal government allows reimbursement. (*GC 13332.01-13332.02; SAM 8753, 8755-8756 et seq.*)

Statute

A written law enacted by the Legislature and signed by the Governor (or a vetoed bill overridden by a two-thirds vote of both houses), usually referred to by its chapter number and the year in which it is enacted. Statutes that modify a state code are "codified" into the respective Code (e.g., Government Code, Health and Safety Code). See also "Bill" and "Chapter". (*Article IV, § 9*)

Subcommittee

The smaller groupings into which Senate or Assembly committees are often divided. For example, the fiscal committees that hear the Budget Bill are divided into subcommittees generally by departments/subject area (e.g., Education, Resources, General Government).

Subventions

Typically used to describe amounts of money expended as local assistance based on a formula, in contrast to grants that are provided selectively and often on a competitive basis. For the purposes of Article XIII B, state subventions include only money received by a local agency from the state, the use of which is unrestricted by the statutes providing the subvention. (*GC Section 7903*)

Summary Schedules

Various schedules in the Governor's Budget Summary which summarize state revenues, expenditures and other fiscal and personnel data for the past, current, and budget years.

Sunset Clause

Language contained in a law that states the expiration date for that statute.

Surplus

An outdated term for a fund's excess of assets (or resources) over liabilities. See "Fund Balance."

Tax Expenditures

Subsidies provided through the taxation systems by creating deductions, credits and exclusions of certain types of income or expenditures that would otherwise be taxable.

Technical

In the budget systems, refers to an amendment that clarifies, corrects, or otherwise does not materially affect the intent of a bill.

Tort

A civil wrong, other than a breach of contract, for which the court awards damages. Traditional torts include negligence, malpractice, assault and battery. Recently, torts have been broadly expanded such that interference with a contract and civil rights claims can be torts. Torts result in either settlements or judgments. (GC 948, 965-965.9; SAM 6472, 8712; BA Item 9670)

Traditional Budget

See "Budget, Program or Traditional."

Transfers

As used in Schedule 10Rs and fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority. See also "Category Transfer."

Trigger

An event that causes an action or actions. Triggers can be active (such as pressing the update key to validate input to a database) or passive (such as a tickler file to remind of an activity). For example, budget "trigger" mechanisms have been enacted in statute under which various budgeted programs are automatically reduced if revenues fall below expenditures by a specific amount.

Unanticipated Cost/Funding Shortage

A lack or shortage of (1) cash in a fund, (2) expenditure authority due to an insufficient appropriation, or (3) expenditure authority due to a cash problem (e.g., reimbursements not received on a timely basis). See Budget Act Items 9840 and 9850.

Unappropriated Surplus

An outdated term for that portion of the fund balance not reserved for specific purposes. See "Fund Balance" and "Reserve."

Unencumbered Balance

The balance of an appropriation not yet committed for specific purposes. See "Encumbrance."

Uniform Codes Manual (UCM)

A document maintained by the Department of Finance which sets standards for codes and various other information used in state fiscal reporting systems. These codes identify, for example, organizations, programs, funds, receipts, line items, and objects of expenditure.

Unscheduled Reimbursements

Reimbursements collected by an agency that were not budgeted and are accounted for by a separate reimbursement category of an appropriation. To expend unscheduled reimbursements, a budget revision must be approved by the Department of Finance, subject to any applicable legislative reporting requirements (e.g., Section 28.50).

Urgency Statute/Legislation

A measure that contains an "urgency clause" requiring it to take effect immediately upon the signing of the measure by the Governor and the filing of the signed bill with the Secretary of State. Urgency statutes are generally those considered necessary for immediate preservation of the public peace, health or safety, and such measures require approval by a two-thirds vote of the Legislature, rather than a majority. (Article IV, § 8 (d)). However, the Budget Bill and other bills providing for appropriations related to the Budget Bill may be passed by a majority vote to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. (Article IV § 12 (e) (1)).

Veto

The Governor's Constitutional authority to reduce or eliminate one or more items of appropriation while approving other portions of a bill. (Article IV, §10 (e); SAM 6345)

Victim Compensation and Government Claims Board, California

An administrative body in state government exercising quasi-judicial powers (power to make rules and regulations) to establish an orderly procedure by which the Legislature will be advised of claims against the state when no provision has been made for payment. This board was known as the Board of Control prior to January 2001. The rules and regulations adopted by the former Board of Control are in the California Code of Regulations, Title 2, Division 2, Chapter 1.

Warrant

An order drawn by the State Controller directing the State Treasurer to pay a specified amount, from a specified fund, to the person or entity named. A warrant generally corresponds to a bank check but is not necessarily payable on demand and may not be negotiable. (*SAM 8400 et seq*)

Without Regard To Fiscal Year (WRTFY)

Where an appropriation has no period of limitation on its availability.

Working Capital and Revolving Fund

For legal basis accounting purposes, fund classification for funds used to account for the transactions of self-supporting enterprises that render goods or services for a direct charge to the user, which is usually another state department/entity. Self-supporting enterprises that render goods or services for a direct charge to the public account for their transactions in a Public Service Enterprise Fund.

Workload

The measurement of increases and decreases of inputs or demands for work, and a common basis for projecting related budget needs for both established and new programs. This approach to BCPs is often viewed as an alternative to outcome or performance based budgeting where resources are allocated based on pledges of measurable performance.

Workload Budget

Workload Budget means the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, population, statutory cost-of-living adjustments, chaptered legislation, one-time expenditures, full-year costs of partial-year programs, costs incurred pursuant to Constitutional requirements, federal mandates, court-ordered mandates, state employee merit salary adjustments, and state agency operating expense and equipment cost adjustments to reflect inflation. The compacts with Higher Education and the Courts are commitments by this Administration and therefore are included in the workload budget and considered workload adjustments. A workload budget is also referred to as a baseline budget. (*GC 13308.05*)

Workload Budget Adjustment

Any adjustment to the currently authorized budget necessary to maintain the level of service required to fund a Workload Budget, as defined in Government Code Section 13308.05. A workload budget adjustment is also referred to as a baseline adjustment.

Year of Appropriation (YOA)

Refers to the initial year of an appropriation.

Year of Budget (YOB)

The fiscal year revenues and expenditures are recognized. For revenues, this is generally the fiscal year when revenues are earned. For expenditures, this is generally the fiscal year when obligations, including encumbrances, have been created during the availability period of the appropriation. When the availability period of encumbrance of an appropriation is one year (e.g., most Budget Act items), YOB is the same as year of appropriation (YOA) and year of completion (YOC). However, when the availability period is more than one year, YOB may be any fiscal year during the availability period, including YOA or YOC, as appropriate. For example, an appropriation created in 2010-11 and is available for three years, the YOA is 2010 and the YOC is 2012. If an obligation is created in 2011-12, the YOB for this obligation is 2011. In CALSTARS, YOB is referred to as funding fiscal year (FFY).

The rules of recognition are not the same for all funds depending on the appropriate basis of accounting for the fund types or other factors.

Year of Completion (YOC)

The last fiscal year for which the appropriation is available for expenditure or encumbrance.

- * *Abbreviations used in the references cited:*
- | | |
|----------------|---|
| <i>Article</i> | <i>Article of California Constitution</i> |
| <i>BA</i> | <i>Budget Act</i> |
| <i>CS</i> | <i>Control Section of Budget Act</i> |
| <i>GC</i> | <i>Government Code</i> |
| <i>SAM</i> | <i>State Administrative Manual</i> |
| <i>UCM</i> | <i>Uniform Codes Manual</i> |